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England Lond. 1823
Law, (An) on Money, its Origin and Use. Lond. 1823
Letter (A) to the Rt. Hon. the Viscount Althorpe, and
his proposed interference with the present
system of County Banking, by a County
Banker. Lond. 1823
Articles on the Evidence taken before the committee
of secrecy of the House of Commons on the Bank
of England Charter Lond. 1823
Bill for a Plan for amending the system
of Taxation Birmingham, 1823
Plan (A) for immaterially reducing the National
and Taxation; by an alteration in the value
of the Currency, and the adoption of a secure
Banking system. Lond. 1823
Investigation (An) into the cause of the present
distress arising from Taxation, Free Trade, &c. Lond. 1823
Opinions of Sir James Scarlett, Sir L. B. Nichol
and Mr. Richards, on the Privilege of the
Bank of England Lond. 1823
Principles of Taxation, &c. Lond. 1823

Letter [A.] to the Editor of the Times on the Question of
the Bank Charter London, 1833

Letter [B.] to the W. Hon. Lord Althorpe on the
settlement of the Bank of England as
regarding the establishment of Banks generally,
London, 1833

Letter on the Wealth, Power, and Resources of Great
Britain, London, 1833

Letter [C.] Facts and Reasons in Favour of Joint
Stock Banks; in Reply to the pamphlet of J.
Farmer Esq., London, 1833

Letter of Shareholders in the Manchester and Liverpool
District Banking Company, June 1.st 1833
Manchester, 1833

Report made by the directors of the Bank of Birmingham
to the Proprietors assembled at the first yearly
general meeting on the 14th of August 1833
Birmingham

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THE
PRACTICE
OF
BANKING
IN SCOTLAND AND IN ENGLAND;
WITH OBSERVATIONS AND SUGGESTIONS
ON THE RENEWAL OF THE
BANK OF ENGLAND CHARTER,
ON THE
PRINCIPLES AND REGULATION OF
JOINT STOCK BANKS,
AND ON THE
ONE POUND NOTE CIRCULATION.

BY HUGH WATT,
MANAGER AND SECRETARY OF THE HUDDERSFIELD BANKING
COMPANY, AND FORMERLY OF THE PERTH AND
ARBROATH BANKS.

LONDON:
SIMPKIN AND MARSHALL; ANDERSON, EDINBURGH;
BAINES AND NEWSOME, LEEDS: KEMP, AND
MOORE, HUDDERSFIELD.

1833.

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EDWARD BAINES AND SON, PRINTERS, LEEDS.

## PREFACE.

HAVING found since my coming to reside in England, that the business of Banking is much more varied than in Scotland, and that in many particulars it is quite different; and on the other hand, that the nature of Banking business in Scotland, and the method of transacting it, are but very partially known in England; it occurred to me that a small publication, explanatory of the respective systems, might not be unacceptable or useless, particularly at a period when the question of Banking is likely to excite considerable interest both in and out of Parliament. Each system has its peculiar excellencies and defects; but by taking the best parts of both, (so far as they are applicable to the circumstances of the country,) a system might be formed much more perfect than either. I am not so presumptuous as to attempt to construct such a system; but I have thought that my experience justified me in pointing out facts and considerations which might be useful to others.

The questions of the renewal of the Bank of England's Charter, the One Pound Note circulation, and the nature and degree of encouragement which ought to be given to Joint Stock Banks, have engaged my attention. On the latter subject, I have expressed opinions long since formed, and communicated to others. Believing that Banking Companies, under proper regulations, are calculated to give the most efficient support to trade, and to establish the monetary system of the country on the most

solid basis, I have endeavoured to point out the essential requisites to their becoming thus useful. In the establishment of such Companies, there are dangers to be avoided, as well as benefits to be secured. It is essential to the safety both of the proprietors and of the public that these banks should possess available resources, adequate not merely to ordinary but to extraordinary occasions, and that they should be conducted not in the pushing spirit of competition, or with an eager desire for large dividends, but with a prudent liberality, so as to consult the permanent interests of the community.

The existing law affords every facility for the establishment of Joint Stock Banks. It depends, therefore, entirely on the prudence of the shareholders, whether a safe or an unsafe system shall be acted upon: and this renders it of the highest importance that the public mind should be well informed on the subject. The general opinion has now also a greater weight with the legislature than at any former period: and as the Banking system of the country is about to be brought under the revision of Parliament, it is desirable that the great manufacturing and commercial districts should exert their influence in favour of a sound and wholesome system.

## SCOTLAND.

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THE Bank of Scotland was established in 1695, by an act of King William the Third. By this act the exclusive privilege of banking in Scotland was conferred for twenty-one years; but no renewal of the exclusive privilege took place after the expiration of that period. The head bank is at Edinburgh, and it has sixteen branch banks in different towns in the country. Its paid up capital is £1,500,000; the dividend is six per cent. on £100 shares, which sell at present at £150. The Bank of Scotland continued to be the only bank in that country until 1727, when a charter was granted to a company called the Royal Bank of Scotland, which has its head bank at Edinburgh, and a branch bank at Glasgow. The paid up capital of this company is £1,500,000, and the present selling price of its £100 shares is £154; the dividend is  $5\frac{1}{2}$  per cent.

The British Linen Company's Bank was established in 1746, and has its head bank in Edinburgh, and 31 branches in towns throughout the country. Its paid up capital is £500,000, and it pays a dividend of eight per cent on its £100 shares; the present selling price is £235 per share.

These three banks are chartered companies, and the holders of their stock are not responsible beyond the amount or value of the shares which they may hold respectively.

The Commercial Banking Company of Scotland was established in 1810, and has its head office in Edinburgh, and thirty-one branch banks in various towns in the country. Its paid up capital is £600,000; the dividend paid on its £100 shares is 6 per cent., and the present selling price £160.

The National Bank of Scotland was established in 1825. Its head office is in Edinburgh, and it has 24 branches in the country. These two modern companies are composed of several hundreds of shareholders; they have lately obtained from the Crown charters of incorporation, but those charters do not limit the responsibility of the shareholders.

In Edinburgh there are six private banking houses, and two of these issue notes, viz., Sir W. Forbes and Co., and Ramsays, Bonars, and Co.: the others do not issue notes of their own; their firms are Kinnears, Smiths, and Co.; Alexander Allan and Co.; Robert Allan and Son; James Inglis and Co. In the principal towns of Scotland, (exclusive of Edinburgh,) there are 21 banking companies, with numerous partners, and these companies have in all 50 branch banks in various towns and places in the country.

It appears, then, from the above statements, that there are 183 establishments in Scotland for the

transacting of what is called banking business. The distinguishing principle of the Scotch banks is their entire freedom from monopoly. They are all founded on the same principle, and possess the same privileges, with the exception already stated in favour of the three chartered banks, whose privilege of *limited* responsibility is not considered of much value. The chartered banks and other banking companies issue promissory notes for various sums from twenty shillings and upwards, payable on demand. The Bank of Scotland first issued notes of twenty shillings in the year 1704, and the law of Scotland has ever since permitted them to circulate.

The notes of the different banks form almost the whole currency of the country, and, although only legally payable where dated, they pass current in every town and district of Scotland, and are paid or received by bankers, merchants, and shopkeepers, without any charge whatever. This is entirely owing to the exchange of all bankers' notes, which takes place at Edinburgh twice a week, with as much regularity as the operations of the clearing house in London; so that, in fact, all bankers' notes sent from the country to Edinburgh answer the same purpose as cash remittances from English country bankers to their agents in London. The private bankers in Edinburgh are the agents of the banking companies in the country; the notes issued at the branches of the Edinburgh banks are all dated at Edinburgh, and the notes issued at the branches of the country banks are dated at their head office.

The business of a Scotch bank may be said to consist in receiving deposits from the public, on which interest is allowed, and in the issuing of promissory notes upon the discount of bills and upon cash credits, &c. Banking in Scotland, previous to the Union with England, consisted principally in the discounting of bills of exchange ; but after the Union, an increased demand for money for commercial purposes took place, and the banks began to make advances on cash credits or accounts.

A cash account in Scotland may be described as a credit established in favour of a party by other parties giving, along with him, a bond to the bank, by which they become liable to pay whatever balance may be due at the final close of the account, or when the bank may demand it ; only the balance must not exceed the sum mentioned in the bond. A copy of one of these bonds is given in the Appendix. When an explanation of a cash account in Scotland was given to the Committee of the House of Commons in 1826, some of the Members had an idea that interest was charged on the full amount stated in the bond, and from the date thereof ; whereas a cash account only means a credit to the extent mentioned in the bond ; the party in such transactions pays money into the bank, and receives money from the bank, and he is allowed or charged interest according to his being debtor or creditor, as the annexed account, made out according to the form used in the Scotch Banks, will explain.



## FORM OF AN ACCOUNT IN A SCOTCH BANK.

| 1832.          |    | DR.                         |      |    | CR. |      |     | Days.  | 4 per Cent.<br>DR. | 2 per Cent.<br>CR. |
|----------------|----|-----------------------------|------|----|-----|------|-----|--------|--------------------|--------------------|
|                |    | £.                          | s.   | d. | £.  | s.   | d.  |        |                    |                    |
| June, .....    | 30 | To                          | 532  | 14 | 4   | 4    | 3   |        |                    |                    |
| July, .....    | 3  | By                          | ~    | ~  | ~   | ~    | 12  | 1,596  |                    |                    |
| ~              | 15 | To                          | 331  | 4  | 4   | ~    | 3   | 2,412  |                    |                    |
| ~              | 18 | By                          | 50   | ~  | ~   | ~    | 6   | 753    |                    | 1,350              |
| ~              | 24 | To                          | 33   | 6  | 3   | 2    | 7   |        |                    | 954                |
| ~              | 31 | By                          | ~    | ~  | ~   | ~    | 1   |        |                    | 233                |
| August, ..     | 1  | To                          | 400  | ~  | ~   | ~    | 7   | 1,162  |                    |                    |
| ~              | 3  | To                          | 100  | ~  | ~   | ~    | 7   | 1,862  |                    |                    |
| ~              | 15 | By                          | 333  | 4  | 6   | ~    | ~   |        |                    |                    |
| ~              | ~  | To                          | ~    | ~  | ~   | ~    | 13  | 4,030  |                    |                    |
| September,...  | 23 | By                          | 200  | ~  | ~   | ~    | 7   | 3,570  |                    |                    |
| ~              | 4  | To                          | ~    | ~  | ~   | ~    | 4   | 440    |                    |                    |
| ~              | 15 | By                          | 50   | ~  | ~   | ~    | 7   | 1,120  |                    |                    |
| ~              | ~  | To                          | ~    | ~  | ~   | ~    | ~   |        |                    | 5,907              |
| October, ..... | 15 | By                          | ~    | ~  | ~   | ~    | 10  | 3,790  |                    |                    |
| ~              | 18 | By                          | ~    | ~  | ~   | ~    | 4   | 1,116  |                    |                    |
| ~              | 26 | To                          | 100  | ~  | ~   | ~    | 7   | 1,603  |                    |                    |
| November,...   | 1  | To                          | 50   | ~  | ~   | ~    | 23  | 10,350 |                    |                    |
| ~              | 3  | By                          | ~    | ~  | ~   | ~    | 13  | 637    |                    |                    |
| December, ...  | 1  | To                          | 500  | ~  | ~   | ~    | 14  | 3,206  |                    |                    |
| ~              | 14 | To                          | 130  | 6  | 3   | ~    | 3   | 319    |                    |                    |
| ~              | 28 | To                          | 44   | ~  | ~   | ~    | ~   |        |                    |                    |
| ~              | 31 | To Interest,<br>By Balance, | ~    | 19 | 3   | ~    | 184 | 21,607 |                    | 25,303             |
|                |    |                             | 2634 | 11 | 10  | 2634 | 11  | 10     | 2                  | 7                  |
|                |    |                             |      |    |     |      |     |        | 5                  | Dr.                |
|                |    |                             |      |    |     |      |     |        | 1                  | 7                  |
|                |    |                             |      |    |     |      |     |        | 9                  | Cr.                |
|                |    |                             |      |    |     |      |     |        | 0                  | 19                 |
|                |    |                             |      |    |     |      |     |        | 8                  | Int. Dr.           |

To calculate at the rate of 5 per cent., multiply the principal sum by the number of days, and divide by 7300.

The bank charges four per cent. for money drawn out, and allows two per cent. for money lodged in the bank,—the difference between the rates charged and allowed being the banker's profit ; only it is to be observed that all sums paid into the account are deducted from the amount advanced before interest is calculated, and the rate of interest at four per cent. charged only on the balance ; so that it is when the account becomes creditor, or in favour of the party keeping the account, that the difference in the rate of interest charged and allowed operates against him ; then he becomes a depositor, and is allowed only the rate of interest which the bank gives on deposits. In some instances five per cent. is charged on advances : a few banks allow three per cent. on deposits, but the general rate at present is only two per cent. In 1826 the rate of interest was five per cent. charged, and four per cent. allowed. In English banks the same rate of interest is allowed and charged on accounts, and the banker is remunerated by a commission of one fourth per cent. on the sums drawn out. Where the banks in Scotland grant a cash account, they expect frequent transactions to be made on it, so that they may receive other bankers' notes from the person keeping the account, and get their own notes put into circulation by means of his payments in business. This is greatly facilitated by the circumstance of all bankers' notes in Scotland circulating as cash.

The law of Scotland allows a very summary mode

of recovering payment from the parties signing cash account bonds, which will be afterwards explained.

The most important part of the banking business in Scotland consists in the discounting of bills,—not negotiable bills, as in England, but bills payable in the towns where the acceptors reside, and which may properly be called local bills. The banks never expect to raise any money upon these bills, but hold them until due, and then demand payment from the acceptors. The banks do not hesitate to discount a large amount of such bills when they consider the security undoubted, because they are never under any apprehension, as in England, of sudden demands for money, or of any thing like a panic, to cause a run to be made upon them.

It is the general practice for traders and others in Scotland to grant acceptances in payment of their purchases; these acceptances (if approved) are readily discounted at the banks in the towns where the acceptors reside, and notes or bills, at from 20 to 30 days, on a London banker, given for them. This gives the seller a speedier command of his funds, and enables him to go again into market with ready money to make his purchases.

Most of the Banks in Scotland have a large paid up capital, and large amounts of deposit money, from individuals, and from Savings Banks, &c. besides the capital created by their notes in circulation. These enable them to make advances on local bills, cash credits, and other securities not nego-

ciable, to an extent that would surprise many English bankers. The inducements to advance money on the security of such bills are, the obtaining four, and sometimes five per cent. as discount, the circulation obtained for the banker's notes, and the summary mode prescribed by the law of Scotland of recovering payment from the parties to such bills if dishonoured. When a bill falls due in Scotland, and is unpaid, it is protested. The bill and protest may be produced to the clerks in the Register Office, Edinburgh, any time within six months from the day on which it became due, when the same will be registered in the court books. An extract of the protest, containing a warrant for a writ of horning, to be followed by caption, (within six days, if necessary,) is delivered to the applicant on the very day it is applied for. By virtue of the caption the debtor is committed to jail, and his goods pinded or distrained. Thus *registration* of the bill and protest, in Scotland, is held equivalent to a judgment in England, and renders execution on bills in Scotland a matter of the utmost dispatch, whilst the whole expense does not exceed from thirty to forty shillings. A creditor in Scotland can attach the real and heritable as well as the personal estate of his debtor for payment of personal debts, among which may be classed debts due on bills, promissory notes, &c., and proceedings may take place against each description of property at the same time.

The Court of Session (the supreme court in Scot-

land) may suspend law proceedings on bills of exchange ; but this rarely happens except on the condition of paying the money into court. Bail may be offered, but will not be accepted on any other terms than on the surety binding himself to pay the debt. In England, if the bail produce the debtor, the former is discharged ; a trial before a jury has to take place before judgment can be obtained, and a considerable time must afterwards elapse before execution follows. It will readily be supposed that the celerity in recovering debts on bills of exchange in Scotland, has tended greatly to facilitate the banking operations of that country, and to increase its commercial importance. The process of obtaining judgment by only registering the bill and protest, was established in Scotland by successive statutes soon after the Reformation. It will surprise some to find the origin of this excellent system in the Church of Rome, the supposed enemy to all civil improvements. The Roman Catholic Church in Scotland, previous to the Reformation, had jurisdiction in ecclesiastical matters, and its clergy were also frequently occupied in the determining of civil pleas. They obtained the Royal authority for the imprisonment of the persons who resisted their decrees, which was effected by letters of caption from the Crown. When the Reformation extinguished all the powers of the Church of Rome in that country, creditors were left in a great measure without effectual means of enforcing payment ; and with a view to give relief,

the Commissary Court obtained the privileges of execution formerly belonging to the Ecclesiastical Court, and latterly the Court of Session has been invested with the same power. The warrant of pinding authorises execution in the King's name against the *property*—the warrant of horning, against the *person* ; rebellion against the King being substituted in the warrant as the ground of imprisonment, for that of rebellion against God and the church, as it stood under the Roman Catholic supremacy.

In the cash account bonds a clause is introduced, whereby the parties consent to the registration of the bond in the books of the Court of Session. This consent of parties places the bank, as regards the balance of account, in the precise situation of having a judgment in their favour. It is true the Court may suspend the summary process of recovering payment, but the amount in dispute is generally ordered first to be consigned into Court.

To show the superiority of the law of Scotland to that of England in recovering debts upon bills of exchange, I would here mention that the Huddersfield Banking Company had occasion to sue a person on a bill of exchange for £500 ; the proceedings commenced in the Court of King's Bench in August, 1830, and it was June, 1832, before they terminated ; the defendant's object being delay, he had recourse to all the trickery of law, and there were trials, and motions for new trials, and hearings, and re-hearings before Judges at Chambers, and a variety

of law proceedings, during two years, which cost upwards of three hundred pounds ! Every person of common sense will ask with surprise, how could all this happen ? and his surprise will be increased when he is informed, that at the commencement of the first trial the bank produced the bill duly noted, proved the defendant's signature, proved the payment of the money to him, and produced a letter from him when the bill fell due, requesting delay ; and yet he was able to protract proceedings for two years, until the judgment as against him was not worth the having, and the bank had to look to another party on the bill for payment.

In England, the law admits of specialty creditors : for instance, if a man die leaving £1000, and debts as follows—

|                                                          |       |
|----------------------------------------------------------|-------|
| To a person on a bond .....                              | £1000 |
| To several persons on Promissory<br>notes or bills ..... | 1000  |
| Several shop debts.....                                  | 500   |

The person having the bond would be paid in full, and the others would receive nothing. In Scotland the £1000 the man left would be equally divided among all his creditors ; bond, bills, and shop accounts, would all rank alike ; and in England, in case of bankruptcy, they would do the same, but not in case of death, as already mentioned.

It is well known that banking has been the most profitable of all commercial undertakings in Scotland, and one of the principal means of increasing the pros-

perity of the country ; but any explanation of the banking system of Scotland would fail in pointing out its leading characteristics, were it not distinctly stated that its one pound note circulation is the very foundation of the system. The law gave the power to issue one pound notes from the first institution of banking in Scotland, and it has never been altered. An attempt was made in 1826 to pass a restriction act, but it is a matter of rejoicing that the attempt failed ; and Scotland owes a debt of gratitude to Sir Robert Peel for averting that national calamity. The late Mr. Huskisson never yielded to the representations from Scotland, but insisted that one pound notes should disappear from the three kingdoms at the same time. Sir Robert Peel thought the peculiar circumstances of Scotland, and the case made out by the Scotch bankers, called for delay, and his influence induced the Cabinet and the Committee to acquiesce in this wise decision.

The small notes (£1 and £1 1s.) in circulation in Scotland are reckoned to amount to about two millions (£2,000,000) ; and the notes above these sums to £1,500,000 ; making the whole amount of the currency of Scotland (for there is no bill circulation) to amount to about three million five hundred thousand pounds (£3,500,000.)

There is no gold circulation in Scotland. A considerable quantity of silver is kept by the banks, to meet demands for payments of small notes, and for wages, &c.



This system of currency and of banking has had the effect of causing a great and progressive increase in the manufactures, the agriculture, the commerce, and general wealth of Scotland ; and therefore the influential classes used all the means in their power to prevent the threatened withdrawal of the one pound notes in 1826. At that period Parliament and the Government were urged to delay their intended proceedings from the following considerations :—That even during the rebellions of 1715 and 1745, the confidence in the paper currency of Scotland was not shaken, and that the banks maintained their stability during the shocks to which mercantile credit was exposed in the years 1793, 1797, and 1825 ; therefore it could not be assumed that a circulation of specie was necessary in Scotland, for the purpose of guarding against the effects of panic ;—that while Scotland had a paper currency of one pound notes, England had, for twenty years before the Restriction Act (in 1797) a currency of gold and silver, to the exclusion of notes below £5 ;—that these different systems co-existed, and that the paper circulation in Scotland did not interfere in any material degree with the metallic currency of England ;—that, considering the amount of notes current in Scotland below the value of £5, and comparing it with the total amount of the paper currency of that country, no person could foretell the consequences of a law which should prohibit the issue of notes constituting so large a proportion of the whole circulation.

These and similar considerations had the intended effect in 1826, and Parliament did not interfere, but allowed Scotland to issue its £1 notes as had always been done since the origin of its banking establishments; and I trust Parliament will not now interfere to restrict a small note circulation in Scotland, although plausible arguments could be used why England and Scotland should be assimilated in this respect; because the consequences of such prohibition would be a degree of difficulty and embarrassment conceivable only by those who are fully acquainted with Scotland, its commercial and other transactions, and the ramifications of the one pound note system. No bill circulation exists, nor could exist, with the present laws as to bills of exchange in that country, and with the established habits of the people.

There is no gold circulation, and the people uniformly prefer the notes of their banks, which they know to be undoubtedly safe, to any other currency whatever. I recollect stating this to Sir Robert Peel, when, as chairman of the Committee in 1826, he asked me if the people did not come and demand gold when the guinea was worth 25 and 26 shillings. I answered that neither at that time, nor at any other, did I observe any demand or any liking by the people for gold in preference to notes, in the towns where I had acted as a banker; and he appeared rather surprised at the statement.

But the withdrawal of the one pound notes from

Scotland would affect other parties than those in that country. The manufacturers and merchants in England would soon find out that the advantage is not altogether confined to Scotland; they would perceive a great diminution in the amount of their sales in Scotland, and a difficulty in obtaining payments, of which they have now no adequate idea. English manufacturers, who understand this view of the subject, have stated that in case a one pound note restriction act for Scotland passed the legislature, they would decline doing business in that country.

I do not wish to be considered as defending the practice of banking in Scotland in all its parts. It is, like all other things, susceptible of improvement. The branch bank system has been carried too far, and the competition for business which has taken place, by the increase of agents of banks, has been productive of injurious consequences, especially to the trade of the district where such competition has taken place. They have in some instances been liberal in their discounts until instructions arrived from the head office to stop, and then a sudden contraction of their issues has caused embarrassment and fluctuations in trade.

When there are more banks or branch banks in a town than the legitimate business of the place requires, it is natural for the bank agents to increase their transactions by being *liberal*, (as it is called,) because in many cases their salaries rise or fall with the extent of business done. It will appear strange

to some persons that men of property in Scotland will eagerly accept the office of bank agent, and give security for considerable sums, and also guarantee all the bills they may discount, for a salary of £300 or £400 per annum. I know two merchants who were joint agents for a bank in Scotland, who gave undoubted and unlimited security to the bank, and were under a constant guarantee for bills discounted by them, (local bills,) the amount of which bills was never less than fifty thousand pounds, and yet their joint salaries did not exceed four hundred pounds a year.

As the agent is not restricted from engaging in other pursuits, the office is accepted not altogether for the salary, but because it gives influence to the agent in the town: it promotes his own business, if in trade; and, if a writer or attorney, he makes it pay him as a notary and solicitor, when it may not do so as a bank agent. Several of the banks have lost large sums by agents becoming bankrupts, notwithstanding the security they may have given. In England it is never once thought of that an agent or his sureties should be responsible farther than for an honest, faithful, and conscientious discharge of the duties of his office.

The Scotch banks would exercise a sound discretion if they refrained from pushing their branches into places where they are not wanted; and when a necessity arises for contracting their issues, they should not withdraw them suddenly, but in

a gradual manner, so that the effect on trade may be the least sensibly felt. It has been stated that the Bank of England, previous to February last year, reduced its issues very considerably, but it did it in so gradual a manner, and with so much care, that any bad effects on the country were prevented ; while it is alleged that representations were made to the Chancellor of the Exchequer, that about the same time the Scotch banks restricted their issues, but in so sudden a manner that the effects were felt both in Scotland and England. It must be admitted that it is more easy to state the fact (if it be so) than to suggest a remedy, because what the Bank of England can and may do is no criterion for other banks. The Bank of England has supreme power, and can do many things which it is impossible for the banks in Scotland to do, where it may be said the free trade principles as to banking are in full operation. Men of influence have represented to the Chancellor of the Exchequer that the one pound note circulation, and the present method of banking in Scotland, have a tendency to cause great fluctuation in trade, and that some restrictive measure should be applied by government to correct the evil. Although it were conceded that some banks have been to blame in not looking sufficiently to the general interests of trade, it does not follow that government is called upon to interfere. The attempted cure may be worse than the disease. A representation of the circumstances to the directors

of the banks in Scotland would have a greater tendency to prevent the recurrence of the evil, than any government measure whatever. But it may be well for the Scotch banks to bear in mind that there are persons ready to make such representations to government, and that those who are opposed to a small note currency, or think Scotland unfairly privileged in this respect, will not fail to exaggerate its effects in producing fluctuations in trade.

The money deposited in the Savings Banks in Scotland is not lodged in government securities, as is the case in England, but in the regular banks, and this may in part account for the deposits of money in the Scotch banks having been reckoned at so great an amount as twenty millions. The Scotch banks used to give a higher rate of interest to depositors in Savings Banks than to other depositors, to induce them to cultivate habits of saving ; and this was one of the reasons given in 1826 why the one pound notes should not be taken away, because their circulation enabled the Scotch banks to give a higher rate of interest to depositors. I recollect making use of this argument in answer to a question put to me in the Lords' Committee by the late Duke of Athol. After I had made use of it, the Earl of Liverpool, who was at that period of the investigation opposed to us, immediately asked me if I knew how the English Savings Banks were conducted, and whether, if the Scotch Savings Banks were put on the same footing as the English, my objection would not be

removed. To this I replied that I understood the money of the English Savings Banks was lodged in government securities ; but that, so little did the people of Scotland residing in country parishes know of government funds, that they would prefer the security of gentlemen of property in their own neighbourhood (who were directors of their banks) to any government security whatever. His Lordship laughed heartily, and did not repeat the question. The Earl of Lauderdale, who was friendly to the Scotch banks, then put a question, evidently intended to draw from me the answer which I gave, namely, that the withdrawal of the Savings Banks money from Scotland to London would take away from the Scotch bankers a great part of those funds which enable them to assist trade, commerce, and agriculture, and promote the internal improvement of the country. In Scotland ten pounds is the maximum received by a Savings Bank from one individual, and when the deposit amounts to this sum, it is withdrawn and placed in a regular bank ; but if the Scotch banks are now allowing only two per cent. to those who may be termed Savings Bank depositors, it is more than probable they may think of sharing in the rate of interest, viz. £3 6s. 8d. per cent., allowed by Parliament to the depositors in English Savings Banks. For several years the high rate of *four per cent.* interest was allowed by government on the money deposited in Savings Banks ; but this abuse of the public money was checked in the

session of 1828, and since November in that year the interest has been £3 6s. 8d. per cent., which is still abundantly high. It is a fact which cannot be disputed, that very many sums were deposited in the English Savings Banks, under the former system, by persons whom the legislature never intended to lodge money there ; and indeed the abuse is not altogether put an end to, for we cannot suppose that the large sums lodged in the different Savings Banks can belong to that class of the community which the liberality of Parliament intended to benefit by the high rate of interest ; and Parliament will not do its duty unless it cause such an investigation as will lead to a reduction of interest on all such sums as do not belong to the working class of the community.

Since I came to reside in Huddersfield, I have frequently expressed my surprise to gentlemen who take an interest in the condition of the labouring classes, how it happens that so few of them save any part of their wages for times of distress, and that so very few have money in the Savings Banks. I have contrasted this with the habits of saving which obtain amongst many operatives in Scotland, and with the sums of money they have deposited both in the Savings and regular banks.

The answer which I have generally received to these remarks is, that wages were reduced so low that it was impossible for the working man to lay aside any thing for a future day. I am no advocate for low wages ; I consider the workman entitled to



a fair remuneration for his labour, that he may be able to obtain not only the necessaries, but the comforts of life ; but at the same time I must state, that were the working population of this district less in the ale-house, and did our streets witness less of the effects of intoxication, a part even of the present wages might be laid aside, which would have a very powerful influence on the moral habits and comforts of the people. I think I cannot conclude this part of my statement more appropriately than by inserting an extract from an Address to the Labouring Classes, written by Mr. William Johnston, the able accountant of the Arbroath Banking Company, on drawing up the report of the Arbroath Savings Bank ; and I would preface it with a remark, that during the two years I resided in Arbroath, I never witnessed one half the scenes of intoxication I have seen in the streets of Huddersfield within the same period of time ; and I may assert it as a melancholy fact, that Mr. Johnston's striking observations will apply with too much truth to almost every manufacturing town in the kingdom :

Mr. Johnston writes :—"The present population of Arbroath may be computed at about 12,000 individuals, seven-eighths of whom earn their subsistence by labour. Taking five individuals as the average number in each family, there are thus 2100 families of tradesmen altogether. Now, supposing that, one with another, each family could lay by *one shilling* a week, which is no very great sum, con-

sidering the number of children employed at mills, and thus earning wages at an early age, this would amount to £5,460 per annum, or £81,900 in 15 years; being more than four times the sum that has actually been paid into the Savings Bank during that period. And to show what individual benefit might have been derived from such a procedure, it may be mentioned, that had any young person commenced and continued depositing *one shilling* weekly, adding the interest every year since the bank commenced, (15 years,) he would have been by this time possessed of above FIFTY *pounds*. Now, of what importance would this sum have been in the way of beginning him in the world, or of assisting him in the decline of life?

“But many, no doubt, will be ready to conceive, that the idea of such an amount of saving is quite chimerical, and therefore altogether impracticable,—that it is impossible the labouring classes could *spare* so much as would enable them to *save* to this extent.

“But if it can be shown, that they not only can, but actually do, *spare* as much to *waste*, or spend unnecessarily and perniciously: then it surely will not require much logic to prove, that what they can thus *spare* to *waste*, they could as easily *spare* to *save*.

“It was ascertained, some short time ago, that there were in this town no fewer than 104 public-houses and spirit shops; being one for every 115 individuals of the whole population, men, women,

and children, or one for every 23 families. What a deplorable state of society does this simple fact indicate ! Now it is evident that all these establishments could not exist unless they were supported, and that they cannot be supported unless the public purchase what they have got to sell. Let us, therefore, see to what extent the public must necessarily purchase, before these houses can be thus supported, and then we will have some idea what could be saved.

“ At a very moderate calculation it will require £50 a year to pay house-rent and licenses, and maintain each publican and his family. If we multiply 104 by 50, we will therefore see what is required to maintain all the publicans and their families in the town. Accordingly, by this calculation, we find that it requires £5,200. This, it will readily be admitted, is certainly a very large sum to be expended yearly on liquor alone. But this is not all. This is only the *profit* on the amount so expended—the mere *gain* on the value consumed. Now, in order to ascertain what this total value is, it is necessary to fix upon some *rate* of profit, some *data* taken from other trades, that our notions on the subject may be more distinct. Conceive, then, their profit to be so great as 40 per cent.—£40 on every £100 worth sold. ‘ That is quite preposterous ; the public never would submit to such extortion.’ Well, we shall see whether it does so or not. It has been stated, that at the least it takes £5,200 yearly to maintain all the publicans and spirit shops

in this town, and that is their annual gross profits on what they sell, and that we are to suppose the rate of these profits to be *forty per cent.* Now, it necessarily follows that these publicans, &c. must sell as many hundred pounds worth of liquors as there are £40 in £5,200. On dividing 5,200, therefore, by 40, we find that the one is contained in the other 130 times : consequently, that 130 times £100, or £13,000, must necessarily be expended annually on liquors ; that is to say, each publican on an average must sell £125 worth every year, before he can realise £50, on a trade that yields 40 per cent. of profit.

“ But great and enormous as this sum may appear, we must either admit that this estimate is correct, so very stubborn things are facts and figures, or we must admit, what is equally astounding, that the publicans actually derive a greater profit than 40 per cent.

“ Were some wealthy philanthropist to make a present every year of this sum to the labouring classes, what a munificent gift it would be considered ! Yet, the labouring classes actually have it in their power to bestow this gift upon themselves, by merely abstaining from one detestable vice. Let them, therefore, consider the fatal consequences of intemperance and dissipation, and let *every one* be anxious to remedy the evil. Communities never *begin* either to demoralize or to reform in the mass. Both processes originate in the actions of single

and separate individuals. Men must therefore resolve upon stepping one by one out of the current of intemperance, before any reformation can be effected. And every individual who does this may rest assured, that he will produce a two-fold effect in promoting the improvement of society; because he will thus not only withdraw one from the ranks of vice and profligacy, but he will, at the same time, add one to the number of the sober and virtuous."

## ENGLAND.

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THE Bank of England was established in 1694. It was projected by Mr. William Paterson, a native of Scotland, who had become an extensive English and foreign merchant. He had great difficulty in persuading the government of that day to give its sanction to the measure, and it was opposed by monied men on the supposition that the establishment of the bank would bring down the high rate of interest they were then receiving on loans to government, which was greatly in want of money. The interest they were receiving was 10 and 12 per cent., and occasionally increased by other charges to 20 per cent., and even higher.

The establishment of the bank had the effect anticipated. It lent its capital to government, viz. £1,200,000, and the rate of interest fell considerably.

“The erection of this famous bank,” says its projector, Mr. Paterson, who was chosen one of its first Directors, “not only relieved the Ministerial managers from their frequent processions (as he terms

them,) into the city for borrowing money on the best and nearest public securities, at an interest of 10 and 12 per cent. per annum, but likewise gave life and currency to double or triple the value of its capital in other branches of public credit."

The high rate of interest existing before the establishment of the bank operated greatly against commerce, by causing persons to withdraw their money from trade, and invest it in loans.

The charter was granted in 1694, to continue until 1705: it was again renewed by successive acts of Parliament till 1710, 1732, 1742, 1764, 1786, 1812, and until the expiration of 12 months' notice to be given after the 1st August, 1833.

Before a person can do business with the Bank of England, he must apply to the directors for leave to open an account; if this be granted, the bank will then discount approved bills, receive and pay cash, &c. The party keeping the account must always have a sum at his credit, for which he receives no interest: the bank charges 4 per cent. on the bills discounted, but will allow no account to be overdrawn. The branches of the Bank of England conduct their business in a similar manner.

There are sixty-one banking houses in London and Westminster, besides the Bank of England. Some of these transact an immense amount of business; their mode of doing it is similar to that of the Bank of England; they allow no interest on balances of accounts kept with them, nor do they

charge any commission for paying the drafts of those who keep accounts, the balance at their credit being considered by the banker a sufficient remuneration for keeping the account ; and this balance is expected to be large or small according to the number and amount of the transactions, and the trouble which the banker has with the account. This mode of remunerating bankers is peculiar to London, and I am not aware that it is followed in any one instance in the country, except in the branches of the Bank of England.

The balances in the hands of the London bankers must amount to large sums. Rowland Stephenson's bank had balances in 1817, which exceeded the sum of £900,000 ; not long before he ran off, the amount was £700,000 ; and when he did go off, it was about £400,000. The profits of this bank, by the use of these balances, amounted to a very large sum on an average of six years before it stopped payment ; and had it not been for his extravagance and villany, the bank ought to have been safe to its customers and lucrative to the partners.

There are 636 private country banking firms in England,\* and the partners in all amount to from 12 to 1,300. Some of these firms are very wealthy. Before the year 1826, no banking

\* This was the number of Licenses granted to Country Bankers, on the 26th June, 1832.



house in England could consist of more than six partners.

The country bankers in England discount bills, grant advances or credits on accounts, and allow interest on money lodged with them. Accounts kept with a banker in England are made cash on 30th June and 31st December, and not at the time the transactions take place, as is the practice in Scotland.

A copy of an account, as kept in an English Bank is here given, and the principle on which it is kept may require to be explained to those who have not done business with an English bank :—

DR. FORM OF AN ACCOUNT IN AN ENGLISH BANK. CR.

| 1832.    |                     |      |    | Int. 31 Dec. |       |    |    | 1832.    |                    |     |    | Int. 31 Dec. |       |    |    |
|----------|---------------------|------|----|--------------|-------|----|----|----------|--------------------|-----|----|--------------|-------|----|----|
| June 30. | To Balance, ....    | £.   | s. | d.           | £.    | s. | d. | July 7.  | By 1 Bill, 17 Aug  | £.  | s. | d.           | £.    | s. | d. |
| July 7.  | To Cash, .....      | 150  | .. | ..           | 11    | 15 | 6  | 14.      | By 1 " 9 Sep.      | 250 | .. | ..           | 3     | 14 | 6  |
| 13.      | To 1, " 16 .....    | 78   | 5  | ..           | 2     | 18 | 2  | 26.      | By Cash, .....     | 97  | 3  | ..           | 1     | 4  | .. |
| 27.      | To Cash, .....      | 100  | .. | ..           | 1     | 19 | 2  | Aug 10.  | By 1 Bill, 19 Oct. | 100 | .. | ..           | 1     | 14 | 2  |
| Aug. 10. | To 1 Bill, Sep. 19. | 90   | .. | ..           | 1     | 11 | 3  | 27.      | By 1 " 11 Sep.     | 502 | 37 | 5            | 4     | 1  | 2  |
| 16.      | To Notes, .....     | 147  | 18 | 4            | 1     | 13 | 5  | Sept. 7. | By Cash, .....     | 60  | .. | ..           | ..    | .. | .. |
| 27.      | To " .....          | 110  | .. | ..           | 1     | 13 | 10 | 20.      | By 1 Bill 8 Oct.   | 200 | .. | ..           | ..    | .. | .. |
| Sept. 4. | To 1 Bill, 7 Dec.   | 50   | .. | ..           | ..    | 13 | 6  | Oct. 6.  | By 1 " 9 Jan       | 151 | 3  | 5            | 3     | 5  | 10 |
| 12.      | To Notes, .....     | 181  | 7  | ..           | ..    | 9  | 1  | 26.      | By 1 " 20 Dec.     | 81  | 5  | ..           | ..    | .. | .. |
| 18.      | To 1 Bill, 21 Nov.  | 100  | .. | 8            | 1     | 4  | 1  | Nov. 1.  | By 1 " 4 Jan.      | 205 | 7  | ..           | 1     | 10 | .. |
| 27.      | To 1 " 30, "        | 58   | .. | 5            | 1     | 3  | 11 | 16.      | By Cash, .....     | 150 | .. | ..           | ..    | .. | .. |
| Oct. 5.  | To Cash, .....      | 110  | .. | ..           | ..    | 1  | 1  | 28.      | By 1 Bill, 31 Jan. | 207 | 9  | ..           | 14    | 1  | .. |
| 14.      | To 1 Bill, 20 Dec.  | 77   | 16 | ..           | ..    | 1  | 10 | Dec. 10. | By Cash, " .....   | 150 | 2  | 9            | ..    | .. | .. |
| 25.      | To Cash, .....      | 40   | .. | ..           | ..    | 5  | 6  | 21.      | By 1 Bill, 24 Feb  | 145 | .. | 9            | ..    | .. | .. |
| 30.      | To " .....          | 70   | .. | ..           | ..    | 9  | 11 | 31.      | By Balance, ....   | 278 | .. | 4            | ..    | .. | .. |
| Nov. 8.  | To 1 Bill, 11 Jan.  | 83   | 8  | ..           | 2     | .. | .. |          |                    |     |    |              | undue | 1  | 17 |
| 18.      | To Acc. 25 Nov.     | 100  | .. | ..           | 18    | .. | .. |          |                    |     |    |              | undue | 1  | 18 |
| 27.      | To 1 Bill, 21 Feb.  | 152  | 9  | 6            | 6     | .. | 11 |          |                    |     |    |              |       | 12 | .. |
| Dec. 8.  | To 1 " 11 "         | 71   | 4  | ..           | ..    | 6  | .. |          |                    |     |    |              |       | .. | .. |
| 18.      | Notes, .....        | 120  | .. | ..           | 11    | 5  | .. |          |                    |     |    |              |       |    |    |
|          | To 1 Bill, 21 Feb.  | 100  | .. | ..           | 1     | 17 | .. |          |                    |     |    |              |       |    |    |
| 31.      | To Interest, ....   | 11   | 5  | 3            | 1     | 1  | 5  |          |                    |     |    |              |       |    |    |
|          | Commission, ....    | 5    | 8  | 1            | undue | 1  | 5  |          |                    |     |    |              |       |    |    |
|          |                     | 2862 | 15 | 10           |       | 29 | 3  |          |                    |     |    |              |       |    |    |
|          | To Balance, ....    | 278  | .. | 4            |       | 18 | .. |          |                    |     |    |              |       |    |    |

The banker allows, and charges 4 per cent. on the account ; he receives a quarter per cent. commission on all the sums at debit side, which are the sums the party keeping the account may have drawn out, or that the banker has paid for him. Should the party have had a credit with the banker, (with or without security,) the banker expects that he shall make returns on the account corresponding to perhaps eight or ten times the average advance he may have had. Thus, if a party has had an advance of £1,000, for twelve months, his returns are expected to amount to £8,000 or £10,000, on which returns of £8,000 or £10,000 a commission is charged ; also the interest on the £1,000 advanced. So that it is evident the greater the returns, the more is the banker's profit. This is a very profitable part of the banker's business, when he is certain he is advancing money to parties of undoubted credit ; but he is sometimes induced, by the large returns made, to increase his advances to an unwarrantable amount. An instance of this kind occurred not many years ago, when a banker proved on a bankrupt's estate for sums advanced exceeding £50,000.

Parties keeping an account expect that a banker should make an advance, or, in other words, allow over-drafts on the account equivalent to one-tenth of the returns made ;—for instance, if the returns on the account amount to £50,000 a year, he considers himself entitled to an advance or credit for £5,000, and so on for larger returns. But, of course, this

understanding is subject to regulation and alteration, according to the banker's opinion of the party keeping the account.

These credits are often granted by the English banks, as before hinted, without any security at all ; and the bankers are therefore much in the habit of inquiring whether the persons keeping accounts with them are doing well or ill in their business. In Scotland the banks require security for all advances, and therefore trouble themselves less with such inquiries into their customers' business. If the securities be undoubted, they are perfectly satisfied.

Credits in English banks are granted upon the security of promissory notes, signed by the party, and his surety or sureties ; and upon bonds\* which differ in their form from those in Scotland, and also upon deposits of deeds of property. The latter kind of security is not taken at all in Scotland, without a heritable security, equivalent to a mortgage in England. The law of Scotland does not admit of a deposit of deeds being a good security ; but in England the holder of deeds of property for money advanced to the owner of these deeds is considered to have an equitable mortgage created thereby, and the Court of Chancery would give the holder relief in any attempt to dispose of the property without first paying off his lien upon the deeds.

\* See form of Bond in Appendix.

Bills are discounted to parties not keeping accounts, in the same manner as in Scotland ; but where parties do keep accounts, the bills are passed to their credit in the accounts as on the 30th June and 31st December.

Bills in England are all made payable at a London banker's, or at the Bank of England. Two reasons appear to render this necessary ; the first and principal of which is that bills in England form a part of the currency, and circulate from hand to hand, the same as the large notes of the banks in Scotland ; and they could not thus circulate all over the three kingdoms, without being made payable in London, where all money transactions are adjusted. The second reason for the English practice is, that the English bankers are more subject to sudden demands upon them than the Scotch banks. Their bills, by being made payable in London, can be turned into cash, whenever required to meet any exigency in the course of their business. A great number of payments in England are made in two months bills, and the parties who keep accounts will often not take cash from a banker, but will request two months bills, because in the account they are allowed interest by the banker, whilst they can in many cases pay the bills as equivalent to cash. Merchants, in many instances, would not allow any interest or discount for cash in settling accounts ; all bills, therefore, being made payable in London, the banker is enabled to pay these away to his

customers by indorsation, without being at the expense of drawing new bills. In some instances bankers prefer drawing bills, and giving these to their customers, trusting that the customer will pay in cash to his account to meet the bill before it falls due : in this case, which is far from being rare, bankers may be said to give their credit on security to their customer, instead of advancing cash. Bills drawn by English Bankers on London are generally at two and three months. In Scotland similar bills are generally drawn at the par date, which is 20 days in Edinburgh, and from 20 to 30 days in other towns. To draw many bills at a longer date would be looked upon in Scotland as a sign of weakness.

One great peculiarity in the English system of banking is, that England has a most extensive bill circulation, composed principally of bills at two and three months date ; whereas Scotland has no bill circulation whatever. In Lancashire, where few or no local notes circulate, it has been stated that nine parts out of ten of the circulation consists of bills of exchange, and the tenth part of gold and Bank of England notes.

Some reckon the bill circulation to bear even a greater proportion than is here stated. Bankers and Banking Companies issue £5 notes, payable at their own banks, and some of them issue such notes payable in London. These notes do not circulate all over England free of charge, in the manner in which the notes of all the Scotch

banks do ; when paid by another bank, they are subject to a charge of 7, 10, 21, and 30 days, according to the distance the notes may have travelled from the place where they were issued. There being no general exchange of bankers' notes in London, similar to that described in Edinburgh, a charge becomes necessary ; and it must be quite obvious that this charge operates against the notes circulating at a great distance from home. I am of opinion that if the circulation in England had been wholly in local notes, as in Scotland, and not partly in Bank of England notes, a general exchange of the former would have been long ago in operation in England.

The one pound note circulation ceased in England in the year 1829, in consequence of the act of Parliament passed (after the panic,) in 1826.

It is now generally admitted that government would have acted wisely, had they only *regulated* the small note circulation of England, instead of prohibiting it altogether.

The government charged the English country bankers with causing the panic, but it is now evident the bankers had only their share in bringing to a crisis that period of false prosperity. Almost all persons in business, merchants as well as bankers, overtraded at that time ; and it is unjust to charge upon one class of the community exclusively what really belongs in part to every class, not excepting the then government of the country themselves. Still it must be admitted that many persons without

sufficient capital carried on the business of banking, by means of one pound notes, to a most unwarrantable extent: one bank in Yorkshire, composed of only two partners, which failed in the panic, had as many £1 notes in circulation when they stopped, as the Perth Banking Company in Scotland, including notes of £1, £2, £10, and £20, at their head bank and five branch banks: though the latter company was composed of nearly 200 partners, and had a paid up capital of £66,000, whilst the property of the two partners in the English bank did not amount to more than £20,000.

Government, no doubt, heard of similar cases to this, and thought it right to abolish a system that allowed of such over issues of paper. Had they regulated the issues of £1 notes, by requiring security in stock or Exchequer bills for the amount of such notes, they would have prevented some of the injurious effects which have been the consequence of the withdrawing altogether of the £1 note circulation.

Besides the over issue of £1 notes by some weak banks, (thus creating capital,) these banks, in many instances, gave a considerable premium to persons who took their notes. This was carried to a great extent. I heard a gentleman say, who wanted £1000 from a country bank which had stopped, that although he received no more than the dividend then paid, (7s. per £,) he would be no loser, reckoning the amount of premiums the bank had paid him for taking their notes!



Bankers and Banking Companies in England receive money on interest, (called deposits,) as the banks in Scotland do, and allow at present, with few exceptions, a higher rate of interest than is allowed in Scotland, where the general rate of interest is only 2 per cent. It was 4 per cent. in 1826. In Yorkshire, several banks allow 3 per cent., and others  $2\frac{1}{2}$ , which rate is also allowed by the Lancashire banks on deposits.

Notice of a week or ten days is required before any considerable sum can be withdrawn by a depositor from an English bank: in Scotland no notice is required. In Scotland payments are all made in the bankers' own notes; but in England, when deposits are withdrawn, Bank of England notes are generally required, and this may in part account for the banker in England requiring notice of the intention to withdraw.

Mr. Stuckey, in his evidence before the Bank Charter Committee, states, that he has 14 banking establishments in Somersetshire, and 12 partners, under the firm of Stuckey's Banking Company, and that they require 60 days' notice on withdrawing deposits above £1000; but if under that sum, 30 days is required, and that they deduct the interest for the days of notice when they pay the money before the expiration of the notice. Their rate of interest is 3 and  $2\frac{1}{2}$  per cent. These banks allow no interest on sums that can be drawn out without notice on accounts.

In Manchester and Liverpool, bankers allow and charge 3 per cent. on operating accounts, charging also a quarter per cent. commission on the amount paid by the bank. This rate of charge on a three months bill is equal to 4 per cent. ; if the bill be of a shorter date, it exceeds 4 per cent. The Bank of England's Branches there charge 4 per cent. and no commission. The terms of business vary in several of the English counties.

In Sheffield, the general charge by the banks is 5 per cent., and  $\frac{1}{4}$  per cent. commission, on advances, and this is the charge made by the banks in Birmingham ; and yet Mr. Thomas Attwood, M.P. expresses his surprise how business should leave his bank, and go to other establishments where the charge is only 4 per cent. He gives a very remarkable answer to a question put to him by the Bank Charter Committee, viz. :—whether the Branch Bank, discounting at 4 per cent., has not brought down the rate of discount ? He answers—“ I never  
 “ heard a merchant complain of the rate of discount,  
 “ because banking accommodation is too valuable  
 “ and too important to make it of any consequence  
 “ whatever, whether he pays 5 per cent. or 10 per  
 “ cent.”

If this be true, I can only say that it may do for Birmingham, but it would not do for Yorkshire. It will surprise some bankers in Scotland, where the charge is so uniform, to hear that advances on accounts are charged 5 per cent. interest and a  $\frac{1}{4}$

per cent. commission in Birmingham, and 3 per cent. interest and a  $\frac{1}{4}$  per cent. commission in Manchester ; making a difference of 2 per cent. in towns not 80 miles distant.

The termination of the Bank of England Charter being near at hand, it is of great importance that the affairs and government of that establishment be well considered before a renewal of the charter take place. Previous to the passing of the act 7 Geo. IV., the bank charter prevented companies composed of more than six partners carrying on the banking business in any town in England. The act 7 Geo. IV. allowed companies containing any number of partners, to be established in any town within a greater distance than sixty-five miles from London.

The obtaining of this act was matter of negotiation and arrangement with Lord Liverpool's government ; and as an equivalent to the Bank of England for conceding the right to establish Joint Stock Banks, they obtained by the same act power to establish Branch Banks in any town in England ; and they have established them in the following places, viz.:—

|             |            |
|-------------|------------|
| Gloucester, | Leeds,     |
| Manchester, | Exeter,    |
| Swansea,    | Newcastle, |
| Birmingham, | Hull,      |
| Liverpool,  | Norwich.   |
| Bristol,    |            |

It is understood that some of these Branch Banks have realised a profit to the Bank of England, but that others of them have not. It is rather a matter of surprise that all the branch banks have not realised a very considerable profit to the bank, when it is considered that they have such facilities for doing business in London and at all the branches, and that their notes form the principal circulation throughout the kingdom. The want of success may in part be attributed to their carrying on business at the branches by fixed rules and regulations devised in London, and which are different from the rules and regulations of the banks in the towns where their branches have been established. It is fortunate for the country banks that the Bank of England has adhered so strictly to its rules and forms; for if the branch banks were to do business on the same plan as the country banks, viz., make advances on accounts with or without security, and allow interest, the Bank of England must, in course of time, monopolise almost the whole banking business of the country, on account of its great influence, power, and facilities for doing the business of the funds, and commercial transactions, in different parts of the country.

The chartered banks of Scotland at Edinburgh, in establishing branches in the country towns, make it a point to do business on the same terms and in the same mode as the local banks in the same towns. They know that this is their only chance of competing successfully with the local establishments; and

the Bank of England will soon understand, that, if it is to do the country business, it must conform to the country practice, and then the country banking business must be gradually acquired by the branches of that overgrown establishment. It therefore becomes matter of grave inquiry by the legislature, before the charter be renewed, whether the branch banks already established should not be recalled, or, if the articles of the charter could have no retrospective effect, whether any farther extension of them should be prevented.

Were the Bank of England constituted like other banking establishments, no ground of objection could be made to the existence of branch banks in country towns ; but if such wide extension of their business in the country towns in England be permitted by the legislature to go on under the exclusive privileges of their monopoly, no private concern will be able to cope as bankers with such fearful odds ; and whether the commercial and agricultural interests of England will be as secure and as well accommodated under such a change, is exceedingly doubtful.

Although the extension of the Bank of England influence and business throughout the country is to be deprecated, it does appear desirable that the charter should be renewed, so far as regards the money transactions of the metropolis, and the management of the public funds of the kingdom.

The banking business in London is immense. A long series of years has accustomed the community

to the mode of transacting business in the metropolis of the empire, and it might be a dangerous experiment to change the system. Besides, it is not clear that the establishment of several large banks of issue in London would preserve an equality of prices, prevent changes in the value of property, accommodate the public more, or keep the foreign exchanges in favour of this country.

Intimately connected with the question of the renewal of the Bank of England Charter, is the propriety of continuing gold as the standard of value ; and the fact deserves to be remembered that the guinea, which by law was worth no more than 21s., was saleable on the Continent, at one period during the late war, for 29 shillings ; the effect of which on the course of exchange may be instanced as follows : —a parcel of goods, bought in London for £500, might have been sold on the Continent for 400 guineas ; yet for the 400 guineas the merchant might have obtained from his banker a bill in London for £580, or 552 guineas and 8s.

In such a state of things as this, gold is sent out of the country by foreign merchants in such quantities that the Bank of England takes alarm, and restricts its issues of notes ; which has an immediate effect on all the banks in the country, and in many instances compels the manufacturer and merchant to *sacrifice* their property. It is not only when the foreign exchanges are against England that gold is sent out of the country. In January and February

last year, when the exchanges were very favourable for England, great quantities of gold were sent from London, and it was ascertained that it was sent for investment in the Dutch funds. It would therefore appear that a variety of circumstances may cause gold to be sent from England ; and if it be taken into consideration that political alarm, or commercial panic, may have all the *consequences* of an unfavourable exchange, by causing the gold to disappear as if by magic, by its being hoarded, it is in my humble opinion worthy of serious inquiry whether silver would not be a preferable standard of value. Silver could not be transmitted from country to country with as much facility as gold, nor could it be so easily hoarded ; and its fluctuation as a standard would be greatly prevented by gold being made an article of merchandise, to rise and fall according to the demand. It will no doubt have some weight with the legislature, in considering the question of a standard, that silver *is* the standard on the Continent ; and in *reality* it is so in Scotland also ; there gold is seldom seen, but many of the Scotch banks have always in their coffers as large an amount in silver as English bankers of corresponding respectability have of gold in theirs.

Should one pound notes be again allowed to be issued in England ? This is a difficult question to decide, and those who have been accustomed to London business and London banking alone are not competent to decide it. What may be quite right

and proper for London, may be quite the reverse for the agricultural and manufacturing districts of the country. Men of considerable property may find no difficulty in being accommodated by bankers without an issue of £1 notes, but it is not so clear that small traders in country towns, and small farmers, have the same facilities afforded them as when small notes were allowed to circulate. Those who wish a one pound note circulation consider it should only be allowed on the condition of the bankers giving security to the amount of their issues in Stock or Exchequer bills, and therefore contend that no harm, but much benefit, would be the result of a circulation of one pound notes, where undoubted security was given for the same. The strongest reason in favour of a one pound note circulation is, the extreme inconvenience that must be suffered by the manufacturing districts, at times when gold could not be procured to pay wages ; this is a difficulty I have not been able to overcome, and it is with me a very *powerful* argument why silver should be made the standard, instead of gold.

Many commercial gentlemen of great ability think, that as the country has now undergone the change consequent on the withdrawal of the £1 notes, it would be unwise to disturb the present arrangement ;—that although many advantages might arise from a circulation of £1 notes, yet the disadvantages are many also ;—that bankers have a desire to push £1 notes into circulation beyond the



legitimate wants of trade, which has a tendency to raise prices, and to produce great fluctuations.

My own opinion is, that, situated as England now is, with agitation of various kinds in operation, *if Bank of England notes were not made a legal tender for country bankers' notes*, it would be injudicious to issue £1 notes at all. The greatest danger and inconvenience would arise to banks, in the manufacturing districts particularly, from sudden demands for gold by the working classes, who are now so much accustomed to unite firmly, and to act on one system, that, whenever they wished to carry a point connected with trade or politics, and were thwarted in the attempt, they might take an easy and effectual revenge by directing (through their leaders,) simultaneous runs on all the banks for payment in gold.

The merchants and manufacturers of Manchester oppose the circulation of all notes except those of the Bank of England, from a fear that the banks would be unable, at a period of alarm, to meet the demands for payment of their notes, and *at the same time* give the usual facilities to that immense trading district.

Many reasons in favour of a one pound note circulation in Scotland will not apply to England, on account of the immense amount of transactions in England, and the different manner of carrying on the business of banking. I have considered the matter with all the attention of which I am capable,

and, although the issue of one pound notes would be favourable to Banking Companies, with one of which I am connected, yet my opinion is rather in favour of not disturbing the present arrangement. I think the evils to be now dreaded by a continuance of a prohibition of £1 notes, are not so great as those attendant on a change of system.

I had the honour of receiving, some time ago, a communication from an eminent statesman on the subject of a small note circulation with security, and I beg leave to subjoin an extract from one of his letters, from which it would appear that his opinion is unfavourable to a circulation of small notes, even with security :

*“ December 26, 1829.*

“ Supposing bankers in the country were allowed to issue  
 “ small notes, on the deposit of public securities, would not the  
 “ consequences be—a very general issue of such notes ; the  
 “ displacement of nearly the whole of the circulating gold coin,  
 “ as being an unnecessary and expensive currency ; a temporary  
 “ stimulus to trade, arising from the progressive increase of  
 “ prices ; and an undue encouragement to speculation in every  
 “ branch of manufacture. The notes issued remain payable on  
 “ demand in gold, but the public are at first satisfied with the  
 “ security of the paper issued—with the new guarantee of the  
 “ solvency of the respective bankers, and the gold is not de-  
 “ manded, and in fact has left the country. A reaction in trade  
 “ takes place—the natural consequence of undue speculation ;  
 “ or there is a threatening aspect of affairs abroad. Gold be-  
 “ comes suddenly more valuable than paper, and every holder  
 “ of paper desires to have that which he is entitled to demand  
 “ in exchange for his paper. Then comes a simultaneous con-  
 “ traction of paper, aggravating the effect of re-action in trade ;—  
 “ a suspension of payments in many cases, not from the ulti-  
 “ mate insolvency of the bank, but from the actual impossibility

“ of suddenly procuring gold ;—a general desire to effect the  
 “ sale of stock, and a rapid fall in the funds in consequence ;—  
 “ in short, a general panic, and the ruinous effects of it. The  
 “ question is—what guarantee does an issue of paper, founded  
 “ on the deposit of public securities, afford against the recur-  
 “ rence of the evils abovementioned ? ”

Banking Companies, with any number of partners, were allowed to be established at any place situated more than 65 miles from London, by the act 7 Geo. IV., passed in the year 1826, and they have been established in the following towns :

|               |                    |
|---------------|--------------------|
| Huddersfield, | Darlington,        |
| Bradford,     | Plymouth,          |
| Manchester,   | Whitehaven,        |
| Norwich,      | Gloucester,        |
| Halifax,      | Knaresbro',        |
| Leicester,    | Leeds,             |
| Birmingham,   | Sheffield,         |
| Liverpool,    | Newcastle-on-Tyne, |
| Barnsley,     | Bristol,           |
| Stamford,     | York,              |
| Wakefield,    | Wolverhampton.     |
| Lancaster,    |                    |

In some of these towns two Banking Companies are established, and several of them have a number of branch banks.

The Huddersfield Banking Company consists of 340 shareholders, with a paid up capital of £100,000. It was almost the first established under the act of Parlia-

ment ; I was appointed its manager ; and as I was instrumental in introducing what is called the Scotch system of banking into England, I had the honour to receive communications from the originators of most of the banks subsequently established, requesting information regarding the formation, progress, and management of that bank, which the Directors have always allowed to be freely given. Huddersfield had suffered severely by the failure of several private banks, and the trade of the district had not sufficient accommodation afforded it. This awakened the attention of several public-spirited gentlemen to attempt forming the Banking Company, which was eventually accomplished. The proprietary consisted of men of property retired from business, as well as of those extensively engaged as merchants and manufacturers. The object of the framers of the bank was to inspire confidence, by the respectability of the shareholders, as well as by the paid up capital of the bank.

As some banks are now attempted to be established on a rather different foundation, I would venture to observe that Banking Companies are not formed upon a correct principle, are not safe as regards the public, and are not sound as being the furnishers of a paper circulation in notes and bills, if they carry on the banking business with a small paid up capital, with the view merely of realizing a high per centage as a dividend. A bank ought to *possess money of its own*, or it is not entitled to the name of a bank, even although many respectable merchants

may be shareholders ; because, when a time of pressure comes on a bank, it comes at the same time on the mercantile part of the community, and to a call on the shareholders to pay up additional capital at such a time, the answer would be “ that it was not a convenient season.”

The legislature had in view, by the Act of 7 Geo. IV., to establish in England a secure and sound system of banking ; but if the principle is admitted, and allowed to operate throughout the country, that Banking Companies can be established *on credit*, with small paid up capitals, or with no paid up capital at all, for the purpose of realizing a *high per centage* as a dividend, and thus encouraging speculation in shares, then banks of this description will spring up in every district in England, (which they are partly doing at present,) and in their consequences will be productive of far greater evil than ever attended private banks. They will be set agoing by speculators ; a great per centage as a dividend will be announced, partly arising from profits in business, and partly from premiums on shares ; and when the concern is thus puffed up, the framers of it will sell out at a large profit. One individual sold out of a Banking Company not four years in existence, with the direction of which he was concerned, and cleared ten thousand pounds ; and soon after he sold out, the bank found itself in possession of *bad debts* to as great an amount as its paid up capital !

The principal evil to the trade of the country will

be in the system of competition—of over trading, and all its injurious consequences, which will inevitably be engendered by *credit banks* being established, and carrying on business with small paid up capitals, and re-discounting their bills.

The governor and deputy-governor of the Bank of England gave their opinion of such banks to a deputation who waited on them, regarding a new Banking Company opening an account with the Bank of England. They stated “that it must be perfectly and distinctly understood that the Bank of England by no means would, or indeed could, engage always to go on discounting to the same extent as might be at first named on entering on the account ; and they reserved always the right, to be exercised at their discretion as circumstances might occur to render it necessary, to curtail to any extent, or even to discontinue their discounts altogether. They therefore most strongly urged the propriety, indeed *absolute necessity, of every Joint Stock Bank calling for such a capital from their shareholders, to be really paid up, as would enable the Bank to trade upon, and lend its own bona-fide capital, and not to depend upon the Bank of England discounting regularly and constantly their bills, thereby finding the cash for the bank to trade with, which is, and will be, a very hazardous mode of conducting business.*”

This mode of doing banking business, by re-discounting bills, will appear rather strange to some

Scotch bankers, whose practice it is not to re-discount any bills. The late Sir John Hay, Baronet, who was senior partner in the eminent banking house of Sir William Forbes and Company, of Edinburgh, did me the honour to write me a letter of date 8th February, 1830, regarding banking, and I here insert an extract from that letter:—" I have to  
 " mention to you, what perhaps you already know,  
 " that we never negotiate or endorse away any of  
 " our bills, keeping them till they are near due, and  
 " remitting them direct to our bankers, Messrs.  
 " Coutts and Co. and Messrs. Barclay and Co., and  
 " we never draw bills on them at a longer date than  
 " our par of 20 days."

It may be here mentioned, that the Bank of England discounts at three per cent. to those country banks who issue no notes of their own, while they charge four per cent. to those banks who do issue their own promissory notes.

Banking Companies are now spreading over England, and will eventually have to transact the principal part of the banking business of the country. It appears, therefore, necessary that the Legislature should frame such regulations for their establishment and government, as will make them perfectly safe to the public, and able to assist commerce and agriculture in times of alarm and pressure.

The act of Parliament should be amended so as to prevent Banking Companies carrying on business without a sufficient paid up capital. Many think

£100,000 should be the minimum : that they should be allowed to make their promissory notes payable at a London banker's, as well as at their own house in the country : that they should be allowed to draw bills for sums under £50, which the act at present prevents : that a list of all the shareholders, with a statement of the paid up capital of the company, should be directed to be put up in a conspicuous place of the bank's principal office, and published annually in the newspaper of the district : that a charter should be granted to all such companies, *not* limiting the responsibility of the shareholders, but similar to the one granted to the Commercial Bank of Scotland, which is inserted in the Appendix.

The Act of 7 Geo. IV. prevents Banking Companies of more than six partners from establishing a banking house of their own in London. In enacting this clause I have no doubt that the Bank of England had in view the preventing of Joint Stock Banks establishing houses of their own in London, so as to interfere with their monopoly ; and, notwithstanding the evidence before the Bank Charter Committee in favour of allowing Banking Companies to establish houses of their own in London, I venture to doubt the propriety of granting them this privilege. It may be the means of creating a false capital, and fostering over-trading to a prodigious extent. A great part of the currency of England being in bills of exchange, a Banking Company in the country may establish a house in London, and may draw bills on



this house (their own house) at two or three months, which they can put into circulation by receiving cash for them through the public, or from bill brokers, or from the Bank of England. In such a case as this, it is almost unnecessary to say anything about a large or a small paid up capital, because this bill-drawing system would raise capital to any amount, as it has already done in many instances.

A bank (not in a very large town) in Yorkshire, which stopped during the panic, had upwards of £312,000 current in bills on its own house when it stopped. Here was a sum equal to the paid up capitals of several Scotch banks together, created by merely paying for stamps, and by a system on which the Scotch banks do not raise one shilling. I have been informed, on good authority, that the first alarming symptom of the panic was the refusal by the Bank of England to discount drafts of the description alluded to, at two or three months' date.

It is worthy of observation that the bank in Yorkshire, which produced such disastrous effects in that county by its failure in the panic, could not have existed but for this system of bill drawing (*on itself*), and its one pound note circulation. To have been compelled to give security in Exchequer Bills for the latter, or to have been prevented raising money by drawing on its own house in London, would have proved fatal to its existence, long before the panic overthrew the house, even with these artificial sup-

ports. It would appear quite fallacious and inconsistent to call upon bankers to give security for their issues of promissory notes, and yet leave them at liberty to put into circulation an unrestricted amount of paper in the shape of drafts on their own house in London (*drawn on credit*), without being the representative of value, and this will be abundantly confirmed by the fact that the bank alluded to had in circulation when it stopped—

|                                          |          |
|------------------------------------------|----------|
| Paper in promissory notes, chiefly of £1 |          |
| value, .....                             | £113,400 |
| Paper in drafts at two and three months, |          |
| drawn on its own house in London,        | 312,800  |
|                                          | <hr/>    |
|                                          | £426,200 |
|                                          | <hr/>    |

When a country banker draws to a considerable extent on a respectable London banker, (not on himself,) he is reminded by the London house, that before they will accept, he must put tangible funds into their hands, and this check operates on the country bank, so as to make it trade according to its means. In my opinion no bank in the country, public or private, ought to have the privilege of establishing a house in London, and no London bank ought to have the power of establishing a house in the country.

It has been stated as a reason why Banking Com-

panies should be allowed to establish a house in London, that the country banks have sustained great losses by the failures of London bankers. But this could be obviated, if the Bank of England were to form a *country office* in their establishment, and do business on the same terms as the London bankers, with less of the hauteur and formality so common in large establishments. It should also learn to bend occasionally from the rigour of general rules, and adapt itself to the varying circumstances of the country. The country bankers would then have power to choose betwixt the Bank of England and other respectable London bankers.

It has been already stated that a large and sufficient paid up capital should be made a *sine qua non* in the formation of Banking Companies in England. The prodigious extent of business done, and the great variety which obtains in the doing of that business, would establish the importance of that principle ; but it would appear to be necessary even in Scotland, where the business is much more limited, and where the mode of doing that business is very uniform. Within these few years three Banking Companies have wound up in Scotland with great loss to the shareholders, and it is remarkable they all had small paid up capitals,—two of them so small that it appears a sort of humbug to have given them the name of banks ; and had the amount of their capitals been published, they never could have obtained the credit in that country which they did.

|                                                 |        |
|-------------------------------------------------|--------|
| The East Lothian Banking Company                |        |
| at Dunbar, consisting of 400 shares             |        |
| of £200 each, with a paid up capital of £40,000 |        |
| The Montrose Banking Company,                   |        |
| consisting of 150 shares of £100                |        |
| each, with a paid up capital of ...             |        |
|                                                 | 15,000 |
| The Fife Banking Company, con-                  |        |
| sisting of 60 shares of £500 each,              |        |
| with a paid up capital of.....                  |        |
|                                                 | 15,000 |

---

The paid up capitals on each were lost : and the shareholders of the Dunbar bank had to pay £475 on each share, to meet engagements and bad debts. The shareholders of the Montrose bank had to pay £150 on each share, and £50 more will be required to pay off all obligations ;—and the shareholders of the Fife Banking Company had to pay £2,500 on each share, to pay off all the obligations and bad debts of the bank. Dishonesty and mismanagement were partly the causes of the losses made by the Dunbar and Fife banks ; and the losses of the Montrose bank were principally caused by bad debts made at its branches. In fact the company was ruined by its branch banks.

There is one part of the banking system which has not yet been particularly adverted to, and that is, the power of banks to establish an unlimited number of branches throughout the country.

Where the proprietary of a Banking Company consists chiefly of mercantile men, it is supposed that they establish their bank for the purpose of aiding the trade of their district, and increasing its prosperity ; and therefore, to open banking houses in towns with which they have no connection, appears to be departing from the legitimate object of a Joint Stock Bank. In that case *gain* can be their only object. Each district, I apprehend, should be left to the gentlemen residing in it to form a Banking Company of their own, if they consider such an establishment would be useful and profitable.

And here I cannot help expressing my surprise that government, in the Act 7 Geo. 4, should have authorized the stamp office to charge £30 a year for every branch license if they do not exceed four, but if they exceed four, all the other branches, although they may be a hundred, are charged nothing by the stamp office. This is like giving a bounty on the increase of branches, whereas the legitimate business of banking appears to require that a check should be put on this system of bank-overtrading by means of branches, &c.

To show that this is no *new* opinion of mine, and not caused by the formation of recent establishments, I insert an extract of a letter, dated the 2nd of April, 1830, which I had the honour to receive from one of the most distinguished statesmen of the present day ; and an extract of my reply, dated 7th April, 1830 :—

“ April 2nd, 1830.

“ I shall be glad to hear what, in your opinion, are the reasons against a limitation of the responsibility of partners in a Joint Stock Banking Company. It does not follow that the responsibility must be necessarily limited to the amount of the share held. Each shareholder might be responsible to three or four times the amount of the sum subscribed by him.”

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“ 7th April, 1830.

“ I have the honour to acknowledge the receipt of your letter of 2nd instant, and have been prevented by indisposition from replying to it sooner.

“ With regard to objections that may be stated against limiting the responsibility of partners in public Banking Companies, I beg leave to observe, that I feel inclined to deny the necessity of the limitation altogether. It is my opinion that, if the Act of 7th Geo. 4, be amended, Banking Companies will gradually be formed in many towns in England, without limited responsibility. It would not be for the good of the country that numerous establishments of this kind should spring up all at once.

“ I consider public Banking Companies should be formed with a view of benefiting the district where they are established, as much as with an idea of profit to the partners.

“ By limiting the responsibility of partners to a few hundred pounds, a great temptation is held out to them to become *trading bankers*, and to push their business and establishments into towns and districts where they are not wanted, and where they have no legitimate right to appear. This would be injurious to the present respectable bankers, and excite a spirit of competition in banking, which would lead to consequences you would deprecate.

“ The effect of charters with limited responsibility would be, to place the business of banking in the hands of a few large companies, such as the Provincial Bank of Ireland, and the projected Metropolitan Bank, which contemplates having 200 branches. I am decidedly of opinion that such wide spreading branches would not benefit the country in the man-

“ ner which local establishments, similar to the Huddersfield  
“ Banking Company, are calculated to do.

“ Besides, it ought not to be taken for granted that there is  
“ a great want of accommodation, which these new banks would  
“ supply.

“ No London Branch Bank, nor Joint Stock Bank, could  
“ exceed the liberal and judicious accommodation afforded to  
“ the mercantile community of Leeds, (at the panic,) by the  
“ wealthy private bank of Messrs. Beckett and Co.

“ I have the honour to be, &c.,

(Signed)

“ H. WATT.”

In the letter just quoted, allusion is made to the propriety of rendering parties responsible for five or six times the amount of the shares subscribed. Now, in the working of the Joint Stock Bank system, the evil which experience has shown ought to be guarded against is, the allowing parties to subscribe for ten, twenty, or even fifty times more than they are ever able to pay for.

The shares in Banking Companies are called £100 shares, but the framers of some of them say to parties subscribing, that not more than £5 on each share will ever be called for, and persons subscribe for their 50, 100, or 1,000 shares, pledging themselves in a deed of settlement to pay up £100 on each share, when demanded ; whereas it is notorious that they could as soon pay off the National Debt as pay the sums to which they have subscribed their names.

There is, therefore, a complete deception practised on the subject, but it answers the purpose of the framers of these companies, by enabling them to announce in the newspapers, &c., “ Capital half

a million, or one million sterling!" &c.; whereas the *bona-fide* capital is perhaps £15,000 or £20,000 only.

It is altogether a delusion to consider any sum as the capital of a bank, but what has actually been paid up by the shareholders.

This *paid up capital* ought to be published, and all publications of merely "subscribed capital" prohibited, so as not to deceive the public.

By such delusions some Banking Companies obtain a great circulation both of notes and bills, and make the public believe that they are based upon a vast capital, when, in reality, no capital as a ground of security exists at all.

It may be thought that prudential considerations would operate against shareholders continuing such a system, but it has been found that the cupidity of individuals is sufficient to outweigh all other considerations.

In several of the publications on banking and currency, it has been strongly recommended, as a correction of the evils of the system, that a publication of the accounts, &c. of banks should be ordered by the legislature.

I do not think that any publication of the accounts of country banks would be of the least use in preventing the abuses complained of. And as, in all matters of this kind, practice is superior to theory, it is instructive to attend to the following statement of the affairs of a bank in Yorkshire, which failed during the panic.



The following statement was exhibited soon after the house stopped :—

### ENGAGEMENTS.

|                                   |          |    |   |
|-----------------------------------|----------|----|---|
| Lodgments and Balances due, ..... | £149,818 | 0  | 0 |
| Balance due to ——— Bank, .....    | 86,982   | 16 | 9 |
| Notes in circulation, .....       | 113,407  | 0  | 0 |
| Drafts, .....                     | 312,880  | 0  | 0 |
|                                   | <hr/>    |    |   |
|                                   | 713,087  | 16 | 9 |
| Surplus, .....                    | 108,765  | 3  | 3 |
|                                   | <hr/>    |    |   |
|                                   | £821,853 | 0  | 0 |

### ASSETS.

|          |                                                                                  |
|----------|----------------------------------------------------------------------------------|
| £648,264 | Book debts, including good, bad, and dubious.                                    |
| 110,089  | Bills on hand, part with London Bankers.                                         |
| 36,500   | Bills, promissory notes, and securities advanced upon, part with London Bankers. |

£821,853

### PARTICULARS OF THE ASSETS.

|          |                                                                                                                               |         |
|----------|-------------------------------------------------------------------------------------------------------------------------------|---------|
| £ 65,573 | Balances due from persons who had become bankrupt, or otherwise insolvent, between 1st October, 1812, and 8th December, 1825, | 648,264 |
| 165,749  | In accounts of bankrupts subsequently declared,                                                                               |         |
| 4,306    | Debts under trust deeds,                                                                                                      |         |
| 4,385    | Due from persons otherwise insolvent, since 1825,                                                                             |         |
| 228,183  | Set off by mutual debts, or by bills and notes brought in,                                                                    | 173,589 |
| 10,406   | Balance at the debit of profit and loss,                                                                                      |         |
| 169,662  | Good and doubtful debts,                                                                                                      | 173,589 |
| 89,805   | Unpaid bills with London bankers,                                                                                             |         |
| 13,252   | ditto with London bankers,                                                                                                    |         |
| 29,272   | Promissory notes and collateral securities,                                                                                   |         |
| 11,090   | Good bills with London bankers,                                                                                               |         |
| 21,795   | ditto with do.                                                                                                                |         |
| 8,375    | Cash and good bills,                                                                                                          |         |

£821,853

£821,853

### ASSETS REALISED, AFTER SEVERAL YEARS' WINDING UP.

|          |                                         |          |   |
|----------|-----------------------------------------|----------|---|
| £ 65,573 | wholly unproductive, .....              | £        | 0 |
| 165,749  | have produced .....                     | 2,850    |   |
| 4,306    | unproductive, .....                     | 0        |   |
| 4,385    | do. ....                                | 0        |   |
| 228,183  | do. ....                                | 0        |   |
| 10,406   | profit and loss : nominal in itself, .. | 0        |   |
| 169,662  | collected from this head, .....         | 56,385   |   |
| 89,805   | } have produced, .....                  | 38,614   |   |
| 13,252   |                                         |          |   |
| 29,272   |                                         |          |   |
| 11,090   | retained by London bankers, .....       | 0        |   |
| 21,795   | good, .....                             | 21,795   |   |
| 8,375    | do. ....                                | 8,375    |   |
| £821,853 |                                         | £128,019 |   |

The first part of this statement shows the engagements and assets, which appears to leave a surplus of upwards of £100,000, after paying all debts :

The second part shows the particulars of the assets :—and

The third part is the result, after several years' winding up the concern, by a gentleman of great talents and ability in all complicated accounts ; and it shows £128,019 only, as recoverable from assets amounting to the enormous sum of £821,853.

Now, of what use would the publication of the first part of the above statement, be, to enable the public to know that they were banking with a house of wealth and undoubted safety? It would tend rather to give a false confidence in a concern that ought never to have been allowed to issue either notes or bills.

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Connected as I have been almost all my life with respectable Banking Companies, I feel anxious to point out their advantages. They inspire confidence in towns that may have suffered from the failures of weak banks :—they give confidence to depositors lodging their money in them, and confidence to the trading interests of the town and neighbourhood where they are established.

If I appear anxious to explain the defects in the system in England, it is because I feel a great desire to see them established on a principle of giving per-

fect security to the public, of benefiting the shareholders, and of assisting in putting the banking business of the kingdom on such a basis as to preserve at all times perfect confidence, amidst the fluctuations of trade and commerce.

As Parliament is about to be called on to regulate banks of issue, and amend the Act of 7 George IV., allowing Joint Stock Banks to be established, I venture to offer my opinion, as a practical banker, that all Joint Stock Banks ought to have a large paid up capital, and to publish its amount, and the names of their shareholders, at least once a year. I consider Banking Companies formed on this principle, with no limitation of responsibility by shareholders, and managed with a view to benefit the trade of their districts, are calculated to be of lasting benefit to the community, as well as to the individual proprietors. It ought also to be considered that the publication of such accounts as may be necessary in a national concern like the Bank of England, may be very injudicious and improper in local establishments.

Their ramifications are described by Mr. Thos. Attwood, M. P. in an important answer he gave before the Bank Charter Committee, to the following question :—“ Does the Joint Stock Bank at “ Birmingham interfere much with the private “ bankers ?” He replied—

“ Very much ; the Country Bankers having, during the fluctuations that have existed in the last fifteen years, stood in

the position of borrowers on the one hand and lenders on the other, they have at each period of the three great fluctuations been as it were guarantees between the debtor and the creditor interest of the country, and forced to make good the engagements of the debtor to the creditor at a time when, at three different periods, the burthen of debts has been nearly doubled; the consequence of this painful and urgent position of the Bankers has been to expose them all, without exception, to very great injuries and losses; it has likewise been to expose them all to a great number of difficult entanglements and locked up debts; the means of supporting those entanglements and doubtful and locked up debts, and the means of supporting the losses upon their capital, in a great degree arose from the masses of money which the public have been in the habit of keeping in their hands, and also from the annual profits of their business; now the annual profits of their business are broken down and nearly annihilated; that I will call a comparative trifle; but combinations of the richer customers and the richer connexions have been engaged against them, who draw away their own balances, which were formerly in the hands of the Country Bankers, to form powerful combinations of former friends converted into bitter enemies; and these powerful combinations prevail, by the influence of numbers and of solicitation, in drawing away large masses of money from the old establishments; the consequence of which is, that the old establishments are left in a great degree with all manner of difficulties and entanglements, and the means by which hitherto they have supported such entanglements, are mainly drawn away, or are in the act of being drawn away. This is my principal reason for considering the Joint Stock Banks exceedingly injurious to the Banking system, and, through that, to the country at large."

I quote this answer with a different view from that which Mr. Attwood had when he gave it to the Committee;—his object appears to have been to throw discredit on Joint Stock Banks, and persuade the Legislature to increase their restrictions. It is

out of the question for either the Government or the Legislature to attempt increasing the restrictions on Banking Companies, so as to prevent their formation altogether ; and it is equally futile and vain for Mr. Attwood, or any other person to attempt to throw discredit on respectable and wealthy Banking Companies, similar to the Huddersfield Banking Company,\* the Bradford Banking Company, and others of the same class. But as the effect of Companies being established will to a certain extent be as described by Mr. Attwood in the foregoing answers, it appears to me to be of great consequence to the people of England, that these Companies should be formed on a basis not to be shaken by the alarm or the reality of a panic ; and I respectfully submit that this can be most effectually done by the Legislature passing an act, providing—

That no Banking Company in England be allowed to carry on business, without obtaining a charter similar to that of the Commercial Bank of Scotland.—(*See Appendix, No. 1 :*)

That the *paid up* capital be not less than One Hundred Thousand Pounds :

That no Banking Company be allowed to establish more than three Branch Banks :

That no Banking Company be allowed to establish a house of its own in London, to draw upon :

That a certified list of all the shareholders, with the amount of paid up capital, &c., be placed in a

\* For a list of the Shareholders, &c., see the Appendix, No. 6.

conspicuous place of the Banking-house, and published annually in the newspaper of the district where the bank is situated.—(*See Appendix, No. 6.*)

In concluding this short and imperfect sketch of the practice of banking in Scotland and England, I would beg leave to observe, that the undoubted security given to the public by the Banking Companies in Scotland has generated a feeling of entire confidence, so that it never enters into the head of any individual there that he can lose by the banks breaking. In England the same feeling of confidence has hitherto not generally prevailed, because of the failures of some banks, and because others of little property have obtained great credit, merely from allowing more favourable terms of business.

I cannot, therefore, express my opinion of the two systems more correctly than by stating, that the Scotch system is *one of entire confidence, and devoid of fear*; while the English system is rather one of fear, and, to a certain extent, one of preparation for meeting sudden demands.

In Scotland these sudden demands are never anticipated. When I was bank agent at two country towns in Scotland, it occasionally happened that I had paid away all the money (notes) that was in the bank, and I had to tell some parties who wanted money that they must call to-morrow, or the day after, when I should have received a supply of notes from the head office. I never had any hesitation in telling them so, nor did they conceive for a moment

that the respectability or ability of the bank was in the least affected by my running short of notes.

It would, however, be rather a dangerous experiment for a bank in England to be found, not only without its own notes, but without Bank of England notes and gold.

The English bank might be equally safe with the Scotch one, yet the different systems, and the different feelings towards banks in the two countries render a different arrangement and management necessary.

## APPENDIX.

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### No. 1.

#### WARRANT FOR THE CHARTER OF THE COMMERCIAL BANK OF SCOTLAND.

OUR Sovereign Lord, considering that a humble petition has been presented to his Majesty, by and on behalf of the Directors of the Commercial Bank of Scotland ; which petition represents, that the petitioners, and many other persons, residing in that part of his Majesty's dominions, called Scotland, had formed themselves into a society or partnership, and established the same in the said city of Edinburgh, under the name of the Commercial Banking Company of Scotland, for carrying on the business of Banking, in all its branches, had subscribed and raised amongst themselves a large capital, in transferable shares : That the public had greatly benefited by the formation of their society, and that a considerable revenue was derived to his Majesty therefrom : That it would greatly tend to the benefit and good management of the concerns of the said Company, established by the petitioners and others as above written, if his Majesty would be graciously pleased to grant to the said Company a Royal Charter of Incorporation ; and, therefore, the petitioners humbly prayed, that his Majesty would be graciously pleased to grant to the said Company a royal charter, for incorporating them, and such persons as might be thereafter duly admitted members of the said society, into one body corporate and politic, by the name and style of the Commercial Bank of Scotland, with a perpetual endurance and succession, and with power to hold heritable property, and such other powers and privileges as are usually granted to other bodies corporate and politic of the same nature, and in such manner as to his Majesty in his royal wisdom should seem proper. And his Majesty having taken the said petition into his royal con-



sideration, and being willing to give all proper encouragement to an establishment calculated to be beneficial to the public, and which had carried on business, with advantage to the country, since the year 1810: THEREFORE, and in compliance with the humble petition above mentioned, and having regard to the circumstances already mentioned, particularly, that the said Company has existed and carried on business for so many years, and was the first which, after the lapse of upwards of half a century, had been established on the principles of a Joint Stock Society, extending over the whole of Scotland,—during which period the agriculture, manufactures, and commerce of the country had greatly improved and increased, and a new institution of the kind became thereby useful and necessary: And, farther, that the said Company had rendered useful service to the country and the government, in receiving and remitting the public revenue: His Majesty, by virtue of his prerogative royal, and of his special grace, certain knowledge, and mere motion, ordains a Charter to be made out, and passed under the seal appointed by the Treaty of Union to be kept and used in Scotland, in place of the great seal thereof formerly used there,—constituting, erecting, and incorporating, as his Majesty, for himself and his royal successors, hereby CONSTITUTES, ERECTS, AND INCORPORATES the said petitioners, and such other person or persons as now are or shall hereafter become members of the society or company, into one body politic and corporate, by the name and style of THE COMMERCIAL BANK OF SCOTLAND, for the purpose of carrying on the business of Banking, in all its branches: And as such, and by such name, and for such purposes only, to have perpetual endurance and succession; with powers to the said society and corporation, under the name and style aforesaid, to take, hold, and enjoy such lands, tenements, or other heritages, as may be necessary or useful in carrying on their said trade or business; and, if necessary, to sell, dispone, and convey the same; and to lend money upon heritable and personal securities; and to hold goods, effects, and chattels, for the uses and purposes of the said society and corporation, as hereby defined: Declaring, that all charters, dispositions, heritable securities, and other deeds or instruments affecting heritable or personal pro-

perty, to be granted to the said society and corporation, shall and may be taken to them, under the foresaid corporate name of *the Commercial Bank of Scotland* ; and that any charters, dispositions, or other deeds or instruments to be granted by the said society and corporation, shall be subscribed by two or more of the ordinary directors, and by the manager or secretary for the time being, and to which the common seal which the said society or corporation is authorized to use, as after mentioned, may be appended : And it is hereby declared, that all such deeds or instruments shall be equally valid and sufficient, as if the same had been subscribed by the whole directors and partners of the said society or corporation : And with power to the said society or corporation, to sue and be sued, defend and be defended, plead and be impleaded, in whatever courts and places, and before whatever Judges, Justices, or other officers, in all actions, pleas, suits, complaints, matters, and things whatsoever, in such manner and form as any of his Majesty's subjects, or any other body corporate or politic may or can be ; and to sue out and execute all manner of diligence, real and personal, by the foresaid corporate name of *the Commercial Bank of Scotland*, or in the name of the manager for the time being : Declaring, that a summons or citation in actions against the said society or corporation, given to their said manager or secretary at the society's head office, or other usual place of business in Edinburgh, shall be sufficient to oblige the said society or corporation to answer to any suit or process : and that all actions at the suit or instance of the said society or corporation may be brought and maintained in their said corporate name, or in the name of the manager for the time being ; and with power to the said society or corporation, to have and use a common seal, and to change the same from time to time, as to the said society or corporation may seem expedient. And, further, his Majesty doth hereby ordain and declare, that the capital stock of the said corporation or company of *the Commercial Bank of Scotland* is, and shall be, three millions sterling, and to be held and disposed of in the manner mentioned in the deed of partnership of the said Company, bearing date the 31st day of October, 1810, and several subsequent dates ; the whole, or any part of which capital stock,

in addition to £600,000 paid up, it shall and may be lawful for the directors of the said company for the time being, to call up and require payment of, pursuant to the said deed of partnership, at such time or times, from time to time, and to such amount, as the said directors for the time being shall order and direct in that behalf, pursuant to any bye-law which may be made in the manner herein directed. And his Majesty doth further ordain and declare, that the said directors for the time being, shall have power, and they are hereby empowered, to use and employ the funds of the said corporation, not only in the ordinary business of banking, but also in purchasing or acquiring any of the government stocks or securities, transferable at the Bank of England or Bank of Ireland, exchequer bills, or other government securities, of whatever nature the same may be ; any part of the stock of the Bank of England or Bank of Ireland, or of any incorporated company, or any bills of exchange, bullion, gold, or silver, and every other kind of personal property, that may be acquired or purchased for behoof of the proprietors of the said *Commercial Bank of Scotland* ; and to sell, dispose of, or transfer all such government stocks, and other securities or properties, as the said *Commercial Bank of Scotland* may require or be possessed of, in as full and ample manner as any body politic or corporate, or any company or individual whatever, in any part of his Majesty's dominions, may or can do. And his Majesty hereby grants and declares, that the present extraordinary and ordinary directors of the said society, as a company, shall continue in office, and act as such respectively, until the seventeenth day of December, eighteen hundred and thirty-one years ; upon which day, at two o'clock in the afternoon, there shall be held in the society's head office in Edinburgh, a general meeting of the partners or members of the said society or corporation ; at which meeting, and at the meetings to be held annually upon the 17th day of December, if a lawful day, or the first lawful day thereafter, the society or corporation shall elect extraordinary and ordinary directors according to the rules and regulations now observed by the said society, or according to any other rules or regulations which they may hereafter make by any bye-law in that behalf : And they shall also, at the said first meeting, or at any future meeting, elect

a governor and deputy-governor, and shall do the same annually thereafter, upon the said 17th day of December, if a lawful day, or on the first lawful day following ; which several governors or directors shall hold their offices respectively, and shall have full power to manage, direct, order, and appoint, in all matters and things touching and respecting the said society, in terms of, and conform to, the bye-laws and regulations of the said society, in that behalf made, and now in observance, or hereafter to be made and provided. And, further, his Majesty gives and grants to the said society or corporation, power and authority at their said annual general meeting, or at any other general meeting of the members or partners, called upon at least thirty days previous intimation, in the Edinburgh Evening Courant, Caledonian Mercury, and Edinburgh Advertiser ; and in case of the discontinuance of these newspapers, or any of them, by intimation in any other three newspapers, to be fixed by the ordinary directors for the time being,—to alter or annul any bye-laws, rules, and regulations, of the said society in observance, and to make and frame such other bye-laws, rules, and regulations, as the said society or corporation, or the major part of its members assembled for the time, shall judge proper and necessary, for the better government and direction of the said society or corporation,—the votes of the said members assembled at the said meeting being taken in the manner provided by the laws and rules then in observance ; and afterwards to alter or annul such bye-laws, rules, and regulations, from time to time, as the said society or corporation, or the major part of its members assembled for the time, shall think fit and necessary,—but so always as the said bye-laws, rules, and regulations be no wise contrary to the laws of the realm. And his Majesty further grants and confirms to the said company or corporation, all the goods, sums of money, property, heritable and moveable, real and personal, rights, profits, benefits, securities, powers, privileges, and others whatsoever, heretofore acquired and possessed, enjoyed and exercised by the said corporation, to be possessed, enjoyed, and exercised by them in all time coming, in manner at more length above specified : *But declaring hereby, that nothing contained in these presents, shall be construed and*

*intended to limit the responsibility and liability of the individual partners of the said corporation for the debts and engagements lawfully contracted, or to be contracted, by the said corporation,—which responsibility and liability is to remain as valid and effectual, as if these presents had not been granted, any law or practice to the contrary notwithstanding :* Providing and declaring always, that the said society or corporation shall be duly authorized, in virtue of the charter to follow hereon, to carry on the business of banking in all its branches, and shall not be empowered, in virtue thereof, to carry on any other trade or business whatever : And further providing and declaring, that the said company or corporation shall render annually to the Lords Commissioners of his Majesty's Treasury, an account, certified by the cashier, secretary, or accountant of the said company, showing the weekly amount of their notes in circulation, of each denomination. And his Majesty further grants, by these presents, for himself, his heirs and successors, that the charter to follow hereon shall be in and by all things valid and effectual in law, according to the true intent and meaning of the same, and shall be held, and construed, and adjudged in the most favourable and beneficial sense, for the best advantage of the said corporation, notwithstanding any misrecital, defect, uncertainty, or imperfection therein contained. And his Majesty doth hereby, for himself, his heirs and successors, covenant, grant, and agree to and with the said corporation or body politic, and their successors, That he, his heirs and successors, shall and will from time to time, and at all times hereafter, upon the humble suit and request of the said corporation or body politic and their successors, give and grant unto them all such further and other privileges, authorities, matters, and things, for rendering more effectual this his grant, according to the true intent and meaning of these presents, which he or they can or may lawfully grant, and as shall be reasonably advised and devised by the counsel, learned in the law, of the said corporation or body politic for the time being, and shall be approved of by the Lord Advocate or Solicitor-General for Scotland of his Majesty, his heirs and successors, on his and their behalf. And his Majesty doth further will and command, that this charter do pass the seal appointed by the treaty of

union to be kept and used in Scotland, in place of the great seal thereof formerly used there, without passing any other seal or register. For the doing whereof, as well to the director of his Majesty's chancery for writing the same, as to the Lord Keeper of the seal, for causing the said seal to be appended thereto, this shall be a sufficient warrant. Given at his Majesty's Court at Saint James's, the fifth day of August, 1831, in the second year of his Majesty's reign.

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No. 2.

FORM OF A BOND FOR A CASH ACCOUNT IN  
SCOTCH BANKS.

WE, A. B., C. D., and E. F., considering that the Commercial Bank of Scotland has agreed to allow us a standing credit to the extent of One Thousand Pounds sterling upon a cash credit account to be kept in the name of one of us, the said A. B., in the books of the said bank, and to be operated upon by him, and may also discount or purchase bills, whereon the name of the said A. B., or the firm of any company of which he is a partner, may stand as drawer, acceptor, or endorser, and that upon condition of our granting these presents :

THEREFORE we, the said A. B., C. D., and E. F.,

hereby bind and oblige ourselves, as full debtors and co-obligants, and our respective heirs, executors, and successors whomsoever, all conjunctly and severally to content and pay to the said bank the foresaid sum of One Thousand Pounds sterling, or such part or parts thereof as the said A, B, or any person or person having his letter or other written authority, shall value for or draw out by orders or drafts on the said bank, or its manager, cashier, or any of its officers at Edinburgh, or any of its agents, cashiers, or other officers elsewhere, in virtue of the foresaid credit : and also such sum or sums of money as the said A. B. shall stand engaged for or be indebted, resting or owing to the said bank on account of any bills discounted or held by it, whereon his name as an individual, or the firm of any company of which he is a partner, shall stand as drawer, acceptor, or endorser, or any sum or sums for which he or they shall stand engaged or indebted to the said bank by acceptances, endorsements

letters of credit, guarantees, or in any other manner of way whatsoever, and all or any of which obligations as aforesaid, the said bank shall be entitled to place to the debit of the said account and of the obligants hereto, at any time before this bond is discharged and delivered up, and that without intimation to any of the said parties, but not exceeding in all the said principal sum of One Thousand Pounds sterling, and interest due thereon; and that at any time, when the same shall be demanded after three months from the date hereof, together with the legal interest thereof, from the time or times of the respective advances until the same be repaid, with a fifth part more of the said principal sum due of penalty in case of failure. And it is hereby specially conditioned and agreed to, that a stated account, made out from the books of the said bank, and signed by one of its accountants, shall be sufficient to constitute a charge or balance against us and each of us, whereof no suspension shall pass at the instance of any us, except on consignment only of the sum due thereon. And it is hereby declared that there is nothing hereby meant to supersede or vacate the security which the said bank already holds, or may hold, over any shares of stock of the said bank and profits thereon, belonging or that may belong to any of us for any advances under this bond or otherways, it being always in the power of the said bank to appropriate or allow of the disposal in any way whatever of all or any of the shares of said stock; and the said parties to this bond hereby declare that they have no lien over the said shares, or any right to insist upon the application of the same to payment of any debts to be hereby contracted. And further the said parties agree that the obligation hereby come under shall remain in full force in the same manner and to the extent as if such shares of stock had never belonged to any of the parties hereto, and it being hereby agreed that the said bank may allow credit on the said shares, or the same to be sold, and the price to be paid to the seller, or may apply the same to any other purpose according as it shall deem expedient, being bound in the latter case to account only to the person or persons to whom the shares belonged. And farther declaring, as the said cash credit account is to be in the name of the said A. B, and he is to conduct the transactions thereon, it is hereby especially provided

and agreed to, that all communications on the part of the bank regarding either the management by him of the account, or re-payment of the balance or balances which may become due thereon, shall or may be made to us, the other parties, through the said A. B, with whom the said bank shall be at liberty to make any arrangements, by affording farther opportunities for better management of the account, according to the rules of the said bank, if deviated from, or in any other way required, or by giving time for re-payment of the balance or balances thereof, without any direct application to or concurrence by us, the said C. D, and E. F, on the subject, until the said bank shall consider this necessary for a final settlement; and it shall also have the power, without consultation with or consent by us; to compromise with, or give time to any of the parties on the bills discounted or held by it as aforesaid, we, the said C. D, and E. F, having always full opportunity afforded us by the said bank, whenever we or either of us wish and apply for the same, to see any of the transactions and state of the said cash credit account, and other transactions of the said A. B, in which we may be interested by the obligations of this bond, and the said bank shall only be bound to attend to any instructions we may give on the subject in writing, and acknowledged in writing to have been received. It being hereby expressly declared, that all the parties to this bond are *pari passu* co-obligants to the said bank, and that all and each of us are equally bound to it, and shall not be entitled to plead that any of us are The Cautioners for the other. And we the said A. B, C. D, and E. F,

consent to the registration hereof, and of the foresaid stated account in the books of Council and Session, that letters of horning on six days' charge, and all other execution necessary, may pass on a decree to be interponed there, and thereto in form as effeirs, and for that purpose we constitute

Our Procurators, &c.

In witness whereof these presents written upon this sheet of stamped paper, by



KNOW ALL MEN BY THESE PRESENTS, that we,

Dated \_\_\_\_\_

*Whereas*, the above bounden \_\_\_\_\_ are desirous of opening a banking account with the said company according to the usual and ordinary course, and upon the terms of business done and to be done by the said company. *And whereas*, in order to secure the re-payment of such sum or sums of money as the said \_\_\_\_\_ may either by themselves or jointly with any other person or persons as a partner or partners with them, or otherwise become engaged or indebted to the said company upon or by virtue of such banking account, or on any other account whatsoever, the said \_\_\_\_\_ and also the above bounden \_\_\_\_\_ as their surety, have agreed to enter into the above written bond or obligation to the extent and subject to the condition hereinafter contained. *Now therefore the condition* of the above written bond or obligation is such, that if the said \_\_\_\_\_ their heirs, executors, administrators, or assigns do and shall, upon demand, well and truly pay, or cause to be paid, unto the said \_\_\_\_\_ their executors, administrators, or assigns, or the trustees for the time being of the said company, the amount of all and every the sum and sums of money which at the balance and ultimate or final close of such account, shall be due and owing to the said company in respect of any cash-bills of exchange, promissory notes, notes of hand, notes or bills of the Governor and Company of the Bank of England, bank post bills, drafts or checks already lent, advanced, or paid, or hereafter to be lent, advanced,

or paid by or on the account of the said company, to or for, or on the account, or for the accommodation, or upon the credit or security of the said \_\_\_\_\_ either alone or jointly as

aforesaid, together with interest, postages, stamps, commission, discount, and the usual and ordinary charges made by bankers to their customers, and all other the sum and sums of money which shall then be in anywise due and owing from the said

their executors, administrators, or assigns, either alone or jointly as aforesaid, to the said company, or which the said company shall have engaged or become liable to pay for them, then the above written bond or obligation to be void, otherwise to be and remain in full force and virtue. *Provided always, and it is hereby declared and agreed,* that the sum of money ultimately to be recoverable by virtue of these presents shall not exceed the sum of *Five Hundred Pounds*, but should the balance of such account on its ultimate or final close aforesaid, and the sums of money above-mentioned exceed that sum, then these presents are to stand and be a security to the extent only of so much and portion of the said balance and sums of money, as shall not exceed the said sum of *Five Hundred Pounds*.

Signed, sealed, and delivered,  
(being first duly stamped)  
by the above bounden

in the presence of

## No. 4.

**BANK OF ENGLAND MEETING, 16th AUG. 1832.**

The Governor stated the amount of surplus fund to be £2,900,000, not including the building and some other things. If they were added, it would in the whole amount to about £4,000,000.

Paid up capital of the Bank—£14,553,000.

Dividends paid 8 per cent.

Present selling price of £100 shares, £198 to £200.

## BANK OF IRELAND.

Capital paid up—£3,000,000.

Dividend paid is 9 per cent. per annum.

At a general meeting of Proprietors on 14th Sept. 1832, the directors declared that the amount of the surplus fund, that is, of the property of the corporation over and above the capital stock, was at that date one million and forty-nine thousand, five hundred and seventy-three pounds British currency (£1,049,573), and that this amount was independent of the value of the bank premises both in Dublin and at the several country offices.

£100 shares, selling at present about £200 per share.

*Extract from a letter of the* EARL OF LIVERPOOL, *and the* RIGHT HON. F. J. ROBINSON, (now Lord Goderich,) *to the* GOVERNOR and DEPUTY GOVERNOR of the BANK OF ENGLAND, *dated* Jan. 13, 1826 :—

“ With respect to the extension of the term of the exclusive privileges of the Bank of England, it is obvious from what passed before, that Parliament will never agree to it. Such privileges are out of fashion, and what expectation can the bank, under present circumstances, entertain, that theirs will be renewed? But there is no reason why the Bank of England should look at this consequence with dismay. They will remain a chartered corporation for carrying on the business of banking. In that character they will, we trust, always continue to be the sole bankers of the state, and with these advantages, so long as they conduct their affairs wisely and prudently, they always must be the great centre of banking and circulation. Theirs is the only establishment at which the dividends due to the public creditor can by law be paid.”

## No. 6.

FORM OF THE LIST OF SHAREHOLDERS, &amp;c.

Proposed (in page 69) to be hung up in the Banks and published  
in the newspapers.

## HUDDERSFIELD BANKING COMPANY,

IN 5000 SHARES OF £100 EACH.

*Subscribed Capital, £500,000.*

PAID UP CAPITAL, ONE HUNDRED THOUSAND POUNDS.

## DIRECTORS OF THE BANK.

WILLIAM BROOKE, Esq., Honley, *Chairman.*

JOSEPH WALKER, Esq., Lascelles Hall.

JAMES BROOK, Esq., Thornton Lodge.

W. W. BATTYE, Esq., Moldgreen.

GEORGE SENIOR, Esq., Dalton.

JOHN STARKEY, Esq., Spring Lodge.

JOHN OLDFIELD, Esq., Parkton Grove.

## TRUSTEES, &amp;c. OF THE COMPANY,

WHOSE NAMES ARE REGISTERED AT THE STAMP-OFFICE, ACCORDING TO ACT OF  
PARLIAMENT, AND IN WHOSE NAMES THE COMPANY CAN SUE OR BE SUED.

JOSEPH ARMITAGE, Esq., Milnsbridge House.

JOSEPH WALKER, Esq., Lascelles Hall.

WILLIAM WALKER BATTYE, Esq., Moldgreen.

[Then should follow a list of all the Shareholders of the Company, stating names, place of residence, designation and profession, and the number of shares held by each individual.]













UNIVERSITY OF ILLINOIS-URBANA



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